

NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA

BEFORE THE COMMISSIONER  
OF INSURANCE

COUNTY OF WAKE

IN THE MATTER OF  
DOROTHY MCGINTY  
(NPN# 5118995)

VOLUNTARY SETTLEMENT  
AGREEMENT

WHEREAS, the North Carolina Department of Insurance (hereinafter "Department" or "NCDOI") is charged with the authority and responsibility for the enforcement of the insurance laws of the State of North Carolina;

WHEREAS, Dorothy McGinty (hereinafter, "Ms. McGinty") is a licensed agent who resides in Elizabeth City, North Carolina. Ms. McGinty holds a resident insurance producer license from the Department which first became effective on August 29, 2013. Ms. McGinty has lines of authority in accident and health or sickness and Medd. Supp./Long-term care;

WHEREAS, Illinois Health Agents, Inc. (hereinafter, "IHA") is an insurance agency which holds a non-resident business entity license. IHA is a full-service agency and web broker for individual health plans across the United States;

WHEREAS, Ryan Kennelly (hereinafter, "Mr. Kennelly") is a licensed non-resident insurance producer and the designated responsible licensed producer ("DRLP") for IHA;

WHEREAS, Ms. McGinty entered into a business associate agreement with IHA;

WHEREAS, IHA and Mr. Kennelly assisted Ms. McGinty with getting an appointment with North Carolina Blue Cross and Blue Shield of North Carolina (BCBS) for accident and health or sickness policies. In exchange, Ms. McGinty received commissions from IHA, including for policies unappointed agents enrolled consumers in under the Affordable Care Act using Ms. McGinty's NPN;

WHEREAS, 45 CFR 155.220 of the Affordable Care Act ["ACA"] allows insurance agents to enroll individuals in qualified health plans ["QHPs"] and assist individuals in applying for insurance affordability programs to the extent permitted by State law. 45 CFR 155.220(a) provides that: "A State may permit agents and brokers to (1) enroll individuals . . . in any QHP as soon as the QHP is offered through an Exchange in the State; (2) Subject to paragraphs (c), (d), and (e) of this section, enroll qualified individuals in a QHP in a manner that constitutes enrollment through the Exchange; and (3) Subject to paragraphs (d) and (e) of this section,

assist individuals in applying for advance payments of the premium tax credit ["APTC"] and costsharing reductions for QHPs";

WHEREAS, 45 CFR 155.220(c) sets forth requirements for agents who assist qualified individuals with enrollment in a QHP through the Exchange, including the requirement that the agent "ensure[] the applicant's completion of an eligibility verification and enrollment application through the Exchange Web site . . . .";

WHEREAS, 45 CFR 155.220(d) requires an agent who enrolls qualified individuals in a QHP through the Exchange or assists individuals in applying for insurance affordability programs to comply with the terms of an agreement between the agent and the Exchange and 45 CFR 155.220(e) requires such agent to "comply with applicable State law related to agents and brokers" (emphasis added);

WHEREAS, 45 CFR 155.220(d) requires agents who assist individuals to enroll in QHP's under the ACA to: (a) register in advance with the Federally Facilitated Exchange ["FFE"], (b) complete a Marketplace-specific online training course, (c) execute a Federally Facilitated Marketplace Agent-Broker General Agreement ["FFM Agreement"], and (d) create an FFM user account and complete identity verification on the Centers for Medicare & Medicaid Services ["CMS"] enterprise portal. Agents who complete these steps receive an active FFM user ID which is the agent's unique identifier in the Marketplace;

WHEREAS, N.C.G.S. 58-33-5 provides that: "A person shall not sell, solicit, or negotiate insurance in this State unless the person is licensed for that kind of insurance in accordance with this Article";

WHEREAS, N.C.G.S. 58-33-26 provides that 'No person shall act or hold himself or herself out to be an agent, broker, limited representative, adjuster, or motor vehicle damage appraiser unless duly licensed";

WHEREAS, N.C.G.S. 58-33-120 provides, in pertinent part, that "If any person shall assume to act either as principal, agent, broker . . . without license as is required by law . . . or as principal or agent shall violate any provision of law contained in Articles I through 64 of this Chapter, the punishment for which is not elsewhere provided for, he shall be deemed guilty of a Class 1 misdemeanor":

WHEREAS, Luke Lanning (hereinafter, Mr. Lanning") holds a resident insurance producer license, with lines of authority in accident and health or sickness, life, and Medd. Supp/Long-term care, which was first issued by the Department on July 7, 2023;

WHEREAS, On October 30, 2023, Mr. Lanning was instructed by IHA to enroll customers into BCBS policies using Ms. McGinty's NPN for products he was unappointed for. IHA informed Mr. Lanning that he would receive the commissions from these enrollments. IHA indicated that this practice had been offered to other agents affiliated with IHA;

WHEREAS, on May 31, 2024, Ms. McGinty informed Kennelly by phone that she was aware that he was collecting commissions from policies written with her NPN. Ms. McGinty acknowledged in this call that she had received compensation from Kennelly and IHA in 2023. Ms. McGinty offered to enter into a contract with Mr. Kennelly to authorize this practice in exchange for additional compensation. However, Ms. McGinty also indicated that if Mr. Kennelly was not amendable to this offer, that she would provide information to the Department and a criminal investigation would be initiated;

WHEREAS, N.C.G.S. 58-33-40(a) provides that "No individual who holds a valid insurance agent's license issued by the Commissioner shall, either directly or for an insurance agency, solicit, negotiate, or otherwise act as an agent for an insurer by which the individual has not been appointed";

WHEREAS, N.C.G.S. 58-33-26(i) provides that "No agent shall place a policy of insurance with any insurer unless the agent has a current appointment as agent for the insurer in accordance with G.S. 58-33-40 . . .";

WHEREAS, N.C.G.S. 58-33-82(d) provides that "Except as provided in subsection (e) of this section, only agents who are duly licensed with appropriate company appointments, licensed brokers, . . . may accept, directly or indirectly, any commission, fee, or other valuable consideration for the sale, solicitation, or negotiation of insurance";

WHEREAS, the Department met with Ms. McGinty on March 19, 2025, to discuss regulatory concerns raised by the usage of her NPN by other agents to submit policies for which they were not appointed;

WHEREAS, Ms. McGinty asserts that she never entered into any agreement, or otherwise allowed Mr. Kennelly or IHA to provide her NPN to other agents for ACA applications;

WHEREAS, Ms. McGinty asserts that she has never allowed another agent to submit applications to an insurer under her name and NPN;

WHEREAS, the Department contends that by offering to authorize in exchange for compensation the placement and enrollment of insurance policies by unappointed agents using Ms. McGinty's NPN, Ms. McGinty violated N.C.G.S. 58-33-26(a) & (i), 58-33-40(a), and 58-33-82(d);

WHEREAS, the Department contends that by violating N.C.G.S. 58-33-26(a) & (i), 58-33-40(a), and 58-33-82(d), Ms. McGinty's license could be subject to probation, suspension, revocation, or have renewal refused pursuant to N.C.G.S. 58-33-46(a)(2);

WHEREAS, the Department contends that the arrangement which enabled Mr. Lanning and other "brokers and sub-agents" of IHA to submit applications for subsidies and BlueCross

BlueShield policies under Ms. McGinty's name and NPN was dishonest, fraudulent, unfair and deceptive;

WHEREAS, Ms. McGinty contends that she could have lawfully entered into an agreement with Mr. Kennelly and IHA for usage of her NPN by other agents and was in fact attempting to do so;

WHEREAS, the Department contends that no legally sufficient contract could have been reached between McGinty, IHA, and Mr. Kennelly that would have satisfied North Carolina law;

WHEREAS, the Department contends that Ms. McGinty used dishonest and coercive practices and demonstrated untrustworthiness in the conduct of business within the meaning of N.C.G.S. 58-33-46(a)(8) by receiving compensation and commissions for policies which were not placed by herself, but rather were placed by unappointed agents utilizing her NPN, and by demanding additional compensation from Mr. Kennelly and IHA in exchange for not reporting the matter to the Department;

WHEREAS, pursuant to N.C.G.S. 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 issued by the Department, or as to any civil penalty or restitution;

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing against Ms. McGinty concerning this matter; and

WHEREAS, the parties to this Agreement have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW, THEREFORE, in exchange for, and in consideration of the promises and agreements set out herein, the Department and Ms. McGinty hereby agree to the following:

1. Ms. McGinty agrees to comply with all provisions of Chapter 58 of the North Carolina General Statutes and Title II of the North Carolina Administrative Code that are applicable to them.

2. By entering into this Voluntary Settlement Agreement, Ms. McGinty does not admit to any alleged misconduct under N.C.G.S. §§ 58-33-46(a)(2), 58-33-46(a)(8) or to any violations of the North Carolina insurance statutes or administrative rules. It is understood and agreed that this Agreement is a compromise of the Department's allegations of wrongdoing and misconduct by Ms. McGinty in this matter, that Ms. McGinty disputes those allegations, and that Ms. McGinty specifically denies the allegations of wrongdoing and misconduct in this matter.

3. This Voluntary Settlement Agreement constitutes a complete settlement of all allegations and administrative penalties against Ms. McGinty for the acts, policies or practices expressly addressed in this Voluntary Settlement Agreement. Except as to the acts, policies, or practices expressly addressed herein, this Voluntary Settlement Agreement does not affect the Department's disciplinary power in any future investigations of Ms. McGinty, or in any other complaints involving Ms. McGinty. In the event Ms. McGinty fails to comply with this Voluntary Settlement Agreement or otherwise fails to comply with the laws and regulations applicable to them, the Department may take any administrative or legal action it is authorized to take.

4. Ms. McGinty agrees to cooperate with any requests made by the Department for her to testify at any Department administrative hearing seeking administrative action against Mr. Kennelly, Independent Health Agents, and any other licensees for their involvement in this matter.

5. Ms. McGinty agrees to pay a civil penalty in the amount of five hundred dollars (\$500.00) to the State of North Carolina contemporaneously with the execution of this Agreement. Ms. McGinty agrees to satisfy this assessment, by no later than November 14, 2025, by submitting a certified check, cashier's check or money order payable to the "North Carolina Department of Insurance" in the agreed-upon amount, after Ms. McGinty has signed this Agreement and simultaneously with forwarding this Agreement to the Department for the Deputy Commissioner's signature. Ms. McGinty agrees to mail the certified check, cashier's check or money order to the NC Department of Insurance, Agent Services Division, located 1204 Mail Service Center, Raleigh, NC 27699-1204, and this payment is to be received no later than November 14, 2025. Said civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution, and thus shall inure to the benefit of the public schools.

6. The parties to this Voluntary Settlement Agreement agree that it shall have the full force and effect of an order of the Commissioner of Insurance.

7. The Commissioner of Insurance retains jurisdiction over the parties to this Voluntary Settlement Agreement. Ms. McGinty understands that N.C.G.S. 58-33-46(a)(2) authorizes the Commissioner to revoke an entity or agent's license for violating an Order of the Commissioner.

8. This Voluntary Settlement Agreement shall become effective when signed and attested to by Ms. McGinty and the Department.

9. This Voluntary Settlement Agreement, when finalized will be a public record and will not be treated as confidential. Any and all licenses issued by the Department to Ms. McGinty shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department may disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure.

This the 15th day of October, 2025.

NORTH CAROLINA DEPARTMENT OF INSURANCE

By

Deputy Commissioner

Date: 10/23/2025

By

Dorothy McGinty

Date: 10/15/2025