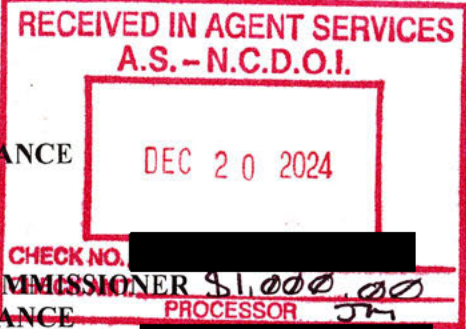


**NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA**



**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**IN THE MATTER OF  
THE LICENSURE OF  
RAPID INSURANCE AGENCY, INC.  
LICENSE NO: 3002368836  
NPN: 20599955**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

**NOW COME**, Rapid Insurance Agency, Inc. (hereinafter, Rapid Insurance) 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**, Rapid Insurance currently holds a resident Corporate license issued by the Agent Services Division; and

**WHEREAS**, Agent Services Division conducted a review of Rapid Insurance Agency, Inc. to verify that all agency employees are appropriately licensed, to analyze the agency's financials and to randomly review files to verify proper underwriting on July 17, 19 and 26, 2024; and

**WHEREAS**, Agent Services Division investigators conducted a target examination of Rapid Insurance as a result of a former agent's notification to the Agent Services Division (ASD) that she wanted to be removed as the Designated Responsible Licensed Producer (DRLP) and that there may not be a licensed agent or DRLP presently at the agency. An ASD analyst emailed the agency twice regarding the allegation but received no responses. ASD investigators met with the President and owner of the agency, Mr. Warner Thacker, his wife Angelica, and Beth Mashburn, the CFO of Pinam Development which was the primary business owned by Mr. Thacker and was located on the same property as Rapid Insurance. Mr. Thacker informed the investigators that he had hired a replacement agent the same day as the former agent resigned, a person with whom he had already been involved with discussions about an agent's position.

With respect to not replying to the inquiry made by the ASD analyst regarding the agency's operating without a licensed agent, the reply was that the agency had lost access to agency email accounts and did not regain access until July 12, 2024.

One other issue involved was the procedure required for the replacement of the DRLP in that a written request was required for the appointment of the DRLP. An employee of Rapid Insurance stated that she had mailed a request naming a replacement agent, but there was no record of such being received by the ASD. The target review revealed various violations: and

**WHEREAS**, N.C. Gen. Stats 58-2-164(c), (c1), (c2) and (f) Rate evasion fraud; prevention programs provide:

(c) The insurer and its agent shall also take reasonable steps to verify that the information provided by an applicant regarding the applicant's address and the place the motor vehicle is garaged is correct. The insurer may take its own reasonable steps to verify residency or eligible risk status or may rely upon the agent verification of residency or eligible risk status to meet the insurer's verification obligations under this section. The agent shall retain copies of any items obtained under this section as required under the record retention rules adopted by the Commissioner and in accordance with G.S. 58-2-185. The insurer and its agent may satisfy the requirements of this section by, within 25 days of coverage binding, obtaining from the applicant reliable proof of North Carolina residency and the applicant's status as an eligible risk.

(c1) To the extent relevant to a particular criterion for eligible risk status and for the purpose of obtaining nonfleet private passenger motor vehicle insurance, reliable proof of North Carolina residency or eligible risk status includes one or more of the following:

- (1) Repealed by Session Laws 2016-78, s. 3.2(a), effective December 1, 2016.
- (2) A utility bill in the name of the applicant showing the applicant's current North Carolina address, including, but not limited to, a utility bill accessed electronically by the applicant.
- (3) Repealed by Session Laws 2016-78, s. 3.2(a), effective December 1, 2016.
- (4) A receipt for personal property taxes paid by the applicant within the preceding 12-month period and showing the applicant's current North Carolina address, including, but not limited to, proof of personal property taxes paid accessed electronically by the applicant.
- (5) A receipt for real property taxes paid by the applicant to a North Carolina locality within the preceding 12-month period and showing the applicant's current North Carolina address, including, but not limited to, proof of real property taxes paid accessed electronically by the applicant.
- (6) Repealed by Session Laws 2016-78, s. 3.2(a), effective December 1, 2016.
- (7) A valid unexpired North Carolina driver's license issued to the applicant and showing the applicant's current North Carolina address.
- (8), (9) Repealed by Session Laws 2015-294, s. 13, effective January 1, 2016, and applicable to insurance policies entered into on or after that date.
- (10) A valid North Carolina vehicle registration issued to the applicant and showing the applicant's current North Carolina address.
- (11) A valid military ID.
- (12) A valid student ID of the applicant for a North Carolina school or university.
- (13) A federal Income Tax Return filed by the applicant for the most recent prior filing period showing the applicant's name and current North Carolina address.
- (14) A homeowner's or renter's declarations page showing the applicant's current North Carolina address.

(c2) To the extent relevant to a particular criterion for eligible risk status and for the purpose of obtaining other than nonfleet private passenger motor vehicle insurance, reliable proof of North Carolina residency or eligible risk status includes two or more of the following:

- (1) A utility bill in the name of the applicant showing a North Carolina address for the principal place of business of the applicant, including, but not limited to, a utility bill accessed electronically by the applicant.
- (2) A receipt for real property taxes paid by the applicant to a North Carolina locality within the preceding 12-month period and showing the applicant's current North Carolina address.
- (3) A valid North Carolina vehicle registration issued to the applicant and showing the applicant's current North Carolina address.
- (4) A federal Income Tax Return filed by the applicant for the most recent prior filing period showing the applicant's name and current North Carolina address.



- (5) The valid North Carolina driver's license of an owner of an applicant that is a corporation or an LLC, provided that the person holds at least twenty (20%) percent ownership interest in the applicant corporation or LLC.
- (6) If the principal place of business of a corporation or LLC is the primary residence of the sole owner, any of the documents identified in subdivisions (1) through (5) of this subsection, whether in the name of the corporation or LLC or in the name of the sole owner. For purposes of this subsection, "sole owner" shall mean an individual or a husband and wife.
- (f) Every insurer shall maintain safeguards within its auto insurance business at the point of sale, renewal, and claim to identify misrepresentations by applicants regarding their addresses, their principal places of business, and the places their motor vehicles are garaged. Identified misrepresentations are subject to the requirements of Article 2 of this Chapter; and

**WHEREAS**, the investigators observed twenty-six (26) auto policies with foreign drivers' licenses and one (1) auto policy with an out of state license. No proof of residency satisfying the rate evasion statute, a violation of the provisions of N.C. Gen. Stats. 58-2-164(c), (c1), (c2) and (f), was found for all twenty-seven (27) of the policies in the agency's files. It appears that the former agent wrote twenty-one (21) of the policies; and

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

**WHEREAS**, N.C. Gen. Stat. § 58-33-46(a)(4) provides:

(a) The Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes, for any one or more of the following causes:

- (4) Improperly withholding, misappropriating, or converting any monies or properties received in the course of doing insurance business.

**WHEREAS**, the investigators reviewed the combined premium bank account for the period February 2023 through June 2024 and observed two (2) negative balance days And three (3) overdraft fees totaling \$105.00. On days when the account was overdrawn or assessed overdraft fees, three (3) premium drafts were presented for payment. Also observed were several late premium deposits. Both situations resulted in premium funds not being available to the insurers at all times, violations of 11 NCAC 04.0429 and subject to the provisions 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, insurance producers, and producers of record, any of which agencies, insurance producers, 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 of such agency, insurance producer, or producer of record in



this State. Information from records required to be kept pursuant to the provisions of this section must be furnished the Commissioner on 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**, N.C. Gen. Stat. § 58-2-195(b) provides: Every insurance agency transacting insurance business in this State shall at all times have appointed some person employed or associated with such agency who shall have the responsibility of seeing that such records and reports as are required pursuant to the provisions of this section are kept and maintained; and

**WHEREAS**, it appears that the agency's bank records were not always separate and apart from Mr. Thacker's other business. Starting in April 2024 and continuing into May of 2024, drafts from his other business were taken from the combined premium account, violations of 11 NCAC 04.0429; 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; and

**WHEREAS**, 11 NCAC 06A.0402 provides: Every licensee shall upon demand from the Division, furnish in writing any information relating to the licensee's insurance business within 10 business days after the demand in accordance with GS 58-2-195(a); and

**WHEREAS**, an ASD investigator requested QuickBooks deposit records from Ms. Mashburn via emails on July 31, 2024 and August 02, 2024, and by phone on August 05, 2024. Ms. Mashburn assured the investigator that she would send the information that day, but it was not sent. The investigator emailed Ms. Mashburn on August 06, 2024 and gave her a deadline for receipt of the requested information. As of the date of issuance of the report of the investigation, the requested QuickBooks deposit information was not received; and

**WHEREAS**, Rapid Insurance was not in compliance with various records requirements and was not responsive to requests made by investigators for records, and thereby was in violation of 11 NAAC 19.0102 and 19.0104, 11 NCAC 06A.0402 and N. C. Stats. § 58-2-195(a) and (b); 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. The activities and practices

observed by Department investigators during the target examination of Rapid Insurance reflect violations of N.C. Gen. Stat. § 58-33-46(a)(8); and

**WHEREAS**, Rapid Insurance 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**, 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**, Rapid Insurance 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 Rapid Insurance; 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, Ms. Burton and the Agent Services Division hereby agree to the following:

1. Immediately upon the signing of this Agreement, Rapid Insurance 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 orders for the payment of the civil penalty shall be payable to the "**North Carolina Department of Insurance.**" Rapid Insurance 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 **December 09, 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 Rapid Insurance, or in any complaints involving Rapid Insurance.
3. Rapid Insurance enter into this Agreement, freely and voluntarily and with the knowledge of her right to have an administrative hearing on this matter. Rapid Insurance understand that she 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. Rapid Insurance understand that N.C.G.S. § 58-33-46(a)(2) provides that an agency or producer's license may be revoked for violating an Order of the Commissioner.

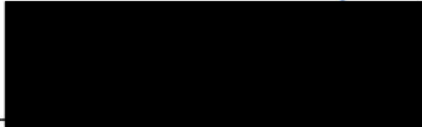


5. This Agreement, when finalized, will be a public record and will **not** be held confidential by the Agent Services Division. Following the execution of this Agreement, all licenses issued by the Agent Services Division to Rapid Insurance shall reflect that Regulatory Action has been taken against her. 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, will provide a copy of the voluntary settlement agreement to all companies that have licensed the producer or the agency.
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.

**RAPID INSURANCE AGENCY, INC.**  
**Corp. License No. 3002368836**  
**NPN: 20599955**

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

By:   
President

By:   
Deputy Commissioner

Date: Nov 12, 2024

Date: 12/20/2024