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NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA

RECEIVED  
APR - 1 2014  
N.C. DEPARTMENT OF INSURANCE  
PRODUCERS, FRAUD & PRODUCTS GROUP

STATE OF NORTH CAROLINA	)	BEFORE THE COMMISSIONER
COUNTY OF WAKE	)	OF INSURANCE
	)	
IN THE MATTER OF THE LICENSURE	)	
OF BROWN & BROWN INSURANCE	)	VOLUNTARY SETTLEMENT
AGENCY OF VIRGINIA, INC., d/b/a	)	AGREEMENT
FLAGSHIP GROUP	)	
(NPN # 3926155)	)	

NOW COME Brown & Brown Insurance Agency of Virginia, Inc., doing business as Flagship Group, (hereinafter "Brown & Brown") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement"):

WHEREAS, the Department has the authority and responsibility for the enforcement of insurance laws of this State, and for regulating and licensing insurance companies; and

WHEREAS, Brown & Brown is licensed and authorized under the insurance laws of this State and by the Commissioner of Insurance to engage in the business of insurance in this State; and

WHEREAS, pursuant to N.C.G.S. § 58-21-15, surplus lines may be placed by a surplus lines licensee if all of the following apply:

- (1) Each insurer is an eligible surplus lines insurer.
- (1a) Each Insurer is authorized to write the kind of insurance in its domiciliary jurisdiction.
- (2) The full amount or kind of insurance cannot be obtained from insurers who are admitted to do business in this State. Such full amount or kind of insurance may be procured from eligible surplus lines insurers, provided that a diligent search is made among the insurers who are admitted to transact and are actually writing the particular kind and class of insurance in this state.
- (3) All other requirements of Chapter 58, Article 21 of the North Carolina General Statutes are met.

WHEREAS, pursuant to N.C.G.S. § 58-33-46(a)(8), the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Chapter 58, Article 33 of the North Carolina General Statutes 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, Brown & Brown demonstrated incompetence by soliciting a general liability policy and a directors & officers liability policy from a non-admitted insurer to Queen's Grant Home Owners Association when the full amount or kind of insurance could have been obtained from an admitted insurer in violation of N.C.G.S. §§ 58-21-15 and 58-33-46(a)(8); and

WHEREAS, pursuant to N.C.G.S. § 58-33-5, a person may not sell, solicit, or negotiate insurance in this State unless the person is licensed for that kind of insurance in accordance with Chapter 58, Article 33 of the North Carolina General Statutes; and

WHEREAS, Brown & Brown employees Daniel Brannock, Nicole Rojas and Cheryl Whiteside dealt directly with Queen's Grant Home Owners Association when not licensed under Chapter 58, Article 33 of the North Carolina General Statutes in violation of N.C.G.S. §§ 58-33-5, and 58-33-46(a)(2); and

WHEREAS, Brown & Brown demonstrated incompetence in the conduct of business in this State by misrepresenting to Queen's Grant Home Owners Association that its existing directors and officers liability insurance policy did not have coverage for insurance decisions in violation of N.C.G.S. §§ 58-33-46(a)(8); and

WHEREAS, Brown & Brown admits to the foregoing violations; and

WHEREAS, in lieu of an administrative hearing on the matters stated herein, Brown & Brown has agreed to settle, compromise, and resolve the matters referenced in this Agreement, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against Brown & Brown; and

WHEREAS, pursuant to N.C.G.S. § 58-2-70(g), the Commissioner 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.

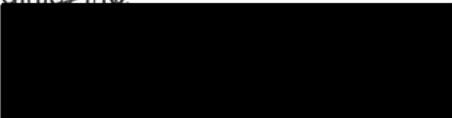
NOW, THEREFORE, in consideration of the promises and agreements set out herein, the Department and Brown & Brown hereby agree to the following:

1. Immediately upon its signing of this document, Brown & Brown shall pay a **civil penalty of \$7,500.00** to the Department. The form of payment shall be in a 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." Brown & Brown shall send the civil penalty by certified mail, return receipt requested, to the Department simultaneously with the return of this Agreement, signed by Brown & Brown. The civil penalty and the signed Agreement must be received by the Department no later than **April 8, 2014**. 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 the public schools.

2. Brown & Brown shall obey all laws and regulations applicable to all licenses issued to it.
3. Brown & Brown enters into this Agreement freely and voluntarily and with knowledge of its right to have an administrative hearing on this matter. Brown & Brown understands that it may consult with an attorney prior to entering into this Agreement.
4. This Agreement does not in any way affect the Department's disciplinary power in any future follow-up examinations of Brown & Brown, or in any other cases or complaints involving Brown & Brown.
5. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Brown & Brown understands that N.C.G.S. § 58-33-46(a)(2) provides that a license issued under Chapter 58, Article 33 of the North Carolina General Statutes may be revoked for violating an Order of the Commissioner.
6. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
7. This Agreement, when finalized, will be a public record and is not confidential. Any and all licenses issued by the Department to the licensee shall reflect that regulatory action has been taken against the licensee following the execution of this Agreement. The Department is free to disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.
8. This Agreement shall become effective when signed by Brown & Brown and the Department.

Brown & Brown Insurance Company of Virginia, Inc.

By:   
Richard Freebourn, Jr.  
Executive Vice President

Date: 3/26/14

North Carolina Department of Insurance

By:   
Angela Ford  
Senior Deputy Commissioner

Date: April 1, 2014