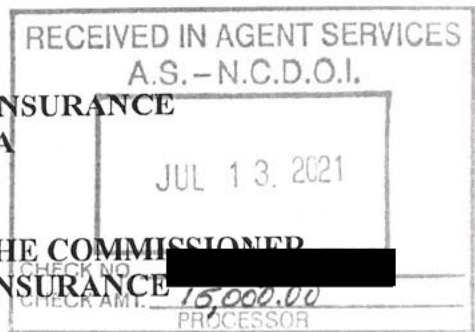


NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA



STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

IN THE MATTER OF
THE LICENSURE OF
COMMONWEALTH UNDERWRITERS LTD
LICENSE NO. 1000043254

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME, COMMONWEALTH UNDERWRITERS LTD (hereinafter "COMMONWEALTH") and the N.C. Department of Insurance Agent Services Division (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, COMMONWEALTH currently holds a non-resident corporate business entity license issued by the Department and is located at 2121 W. Laburnum Ave., Ste 105C, Richmond, VA 23227;

WHEREAS, investigators conducted an agency review to verify that all agency employees were appropriately licensed, to audit the agency's financials and to randomly review files to verify proper underwriting of COMMONWEALTH during the period March 08 through April 12, 2021; due to violations observed during the routine agency review, the investigation was modified to a target examination; and

WHEREAS, COMMONWEALTH was established in 1994 and is owned by Barry Scott and operates as a wholesale insurance broker for both Surplus Lines and Admitted Specialty Insurance Companies; Mr. Scott is the only licensed agent holding a Surplus Lines license, and of the six (6) other licensed agents employed by the agency, only two (2) are licensed in North Carolina; and

WHEREAS, N.C. Gen. Stat. § 58-21-65(a) provides:

(a) For insureds whose home state is this State, no agent or broker licensed by the Commissioner shall directly procure any contract of surplus lines insurance with any non-admitted domestic surplus lines insurer or non-admitted insurer, unless he possesses a current surplus lines insurance license issued by the Commissioner; and

WHEREAS, N.C. Gen. Stat. § 58-33-26(a) & (b) provide:

(a) No person shall act as or hold himself or herself out to be an agent, broker, limited representative, adjuster, or motor vehicle damage appraiser unless duly licensed.

(b) No agent, broker, or limited representative shall make application for, procure, negotiate for, or place for others, any policies for any kinds of insurance as to which that person is not then qualified and duly licensed; and

WHEREAS, N.C. Gen. Stat. § 58-33-40(a) provides that no person shall solicit, negotiate, or otherwise act as an agent for an insurer unless appointed by such insurer; and

WHEREAS, Investigator O'Connor reviewed a total of 60 policy files (23 Admitted and 37 Non-Admitted) and observed that in all 60 files, employees without being duly licensed, without required company appointments and without surplus lines licenses procured coverage; and

WHEREAS, Investigator Vann reviewed a total of 22 policy files (5 Admitted and 17 Non-Admitted) and observed that in all 22 files, employees without being duly licensed, without required company appointments and without surplus lines licenses procured coverage; and

WHEREAS, Investigator Bumgarner reviewed a total of 18 policy files (1 Admitted and 17 Non-Admitted) and observed that in all 18 files, employees without being duly licensed, without required company appointments and without surplus lines licenses procured coverage; and

WHEREAS, procuring and negotiating insurance coverage through admitted and non-admitted insurers without being properly licensed or appointed constitute violations of the provisions of N.C. Gen. Stats. §§ 58-33-26(a) & (b), 58-21-65(a) and 58-33-40(a); 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, COMMONWEALTH 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 COMMONWEALTH; and

WHEREAS, this Agreement is civil in nature and does not preclude criminal prosecution that may result from investigations by the Department's Criminal Investigation Division for violations of criminal laws; and

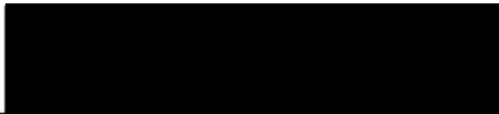
NOW, THEREFORE, in exchange for the consideration and promises and agreements set out herein, COMMONWEALTH and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, COMMONWEALTH shall pay a civil penalty of **\$15,000.00** to the Department. 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." COMMONWEALTH 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 **July 20, 2021**. 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 COMMONWEALTH or in any complaints involving COMMONWEALTH.
3. COMMONWEALTH enters into this Agreement freely and voluntarily and with the knowledge of its right to have an administrative hearing on this matter and 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. COMMONWEALTH understands that N.C.G.S. § 58-33-46(a)(2) provides that a corporate 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 Department. Following the execution of this Agreement, all licenses issued by the Department to COMMONWEALTH 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.
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 N. C. Department of Insurance has issued an occupational or professional license to your business entity, that regulator may require you to report this administrative action to it. The N.C. Department of

Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

Commonwealth Underwriters LTD

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



By: Barry Scott
President



By: Angela Hatchell
Deputy Commissioner

Date: 06-25-2021

Date: 9/14/2021