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NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

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STATE OF NORTH CAROLINA
COUNTY OF WAKE

IN THE MATTER OF THE LICENSURE
OF CORVEL ENTERPRISE
COMPANY INC.
NPN 662965

) BEFORE THE COMMISSIONER
) OF INSURANCE

)
)
) VOLUNTARY SETTLEMENT
) AGREEMENT

NOW COME CorVel Enterprise Company Inc. (hereinafter, "CorVel Enterprise") and the North Carolina Department of Insurance (hereinafter "the Department"), by and through Senior Deputy Commissioner Angela Ford, 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 business entities; and

WHEREAS, CorVel Enterprise is a Delaware corporation and holds a non-resident business entity license issued by the Department pursuant to N.C.G.S. § 58-33-31(b) on December 7, 2009; and

WHEREAS, on April 18, 2011, the Nevada Division of Insurance took administrative action against Corvel Enterprise for failing to timely file its application for renewal of its Third Party Administrator's license; and

WHEREAS, pursuant to the April 18, 2011 Nevada action, CorVel Enterprise consented to pay a \$500.00 penalty; and

WHEREAS, on August 1, 2011, the Nevada Division of Insurance took administrative action against Corvel Enterprise for failing to timely file its application for renewal of its producer license; and

WHEREAS, pursuant to the August 1, 2011 Nevada action, CorVel Enterprise consented to pay a \$500.00 penalty; and

WHEREAS, on January 17, 2013, the Oklahoma Insurance Department issued a Conditional Administrative Order and Notice of Right to Be Heard ("Conditional Order") against Corvel Enterprise. The Conditional Order alleged that Corvel Enterprise violated 36 O.S. § 1435.13(A)(1) by providing incorrect, misleading, incomplete or material untrue information in the license application when it applied for renewal of its nonresident adjuster firm license and answered "No" to the question "Has the business entity . . . ever been involved in an administrative proceeding regarding any professional or occupational license." The Conditional

Order also ordered that Corvel Enterprise be ordered to pay a \$500.00 penalty for this violation. Since Corvel Enterprise did not request a hearing with respect to the allegations, the Conditional Order became a Final Order; and

WHEREAS, N.C.G.S. § 58-33-32(k) provides that “A producer shall report to the Commissioner any administrative action taken against the producer in another state or by another governmental agency in this State within 30 days after the final disposition of the matter. . . . The report shall include a copy of the order or consent order and other information or documents filed in the proceeding necessary to describe the action”; and

WHEREAS, CorVel Enterprise failed to report the Nevada and Oklahoma administrative actions to the Department within thirty (30) days of the dispositions of those matters as required by N.C.G.S. § 58-33-32(k); and

WHEREAS, N.C.G.S. § 58-33-46(a)(2) authorizes the Commissioner to suspend, revoke, or refuse to renew any license issued under this Article if he finds that the licensee has “violat[ed] any insurance law of this or any other state, violated any administrative rule, subpoena, or order of the Commissioner”; and

WHEREAS, on its 2012 and 2013 North Carolina license renewal applications, CorVel Enterprise incorrectly answered “NO” to the question, “Has the business entity . . . been named or involved in as a party in an administrative proceeding, regarding any professional or occupational license, or registration, which has not been previously reported to this insurance department?”; and

WHEREAS, N.C.G.S. § 58-33-46(a)(1) authorizes the Commissioner to suspend, revoke, or refuse to renew any license issued under this Article if he finds that the licensee has “provid[ed] materially incorrect, misleading, incomplete, or materially untrue information in the license application; and

WHEREAS, Corvel Enterprise contends that the Corvel Enterprise employee responsible for completing and submitting its license renewal applications in 2012 and 2013 answered “No” to the question regarding prior administrative actions because she was not aware of the prior administrative actions against Corvel Enterprise;

WHEREAS, Corvel Enterprise informed the Department that in order to prevent reoccurrence of these violations, it now has systems in place to insure that the individuals responsible for completing and submitting its license renewal applications are aware of any administrative actions that need to be disclosed;

WHEREAS, Corvel Enterprise informed the Department that it now has systems in place to insure that it timely reports administrative actions in compliance with N.C.G.S. § 58-33-32(k);

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 or certificate or as to any civil penalty or restitution; and

WHEREAS, CorVel Enterprise 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 CorVel Enterprise; and

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

WHEREAS, CorVel Enterprise has agreed to pay a total administrative penalty of \$1,000.00 in lieu of other administrative action against his licenses for its violations of Chapter 58;

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

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

1. Contemporaneously with the execution of this document, CorVel Enterprise shall pay a civil penalty of one thousand dollars (\$1,000.00) to the Department. The certified check, cashier's check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." This 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. The Department must receive both the civil penalty and this signed document from CorVel Enterprise no later than **September 1, 2014**.
2. CorVel Enterprise agrees to comply with N.C.G.S. § 58-33-32(k) and with all other statutory and regulatory requirements applicable to business entities licensed under N.C.G.S. § 58-33-31(b).
3. This Agreement does not in any way affect the Department's disciplinary power in any future actions, cases or complaints involving CorVel Enterprise.
4. The parties to this document have read and understand this document and agree to abide by the terms and conditions contained herein.
5. 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 with third parties upon request or pursuant to any law or policy

providing for such disclosure.

6. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. CorVel Enterprise understands that N.C. G.S. § 58-33-46(a)(2) provides its license may be revoked for violating an Order of the Commissioner.
7. CorVel Enterprise voluntarily waives any right to notice of an administrative hearing and any right to a hearing on the violation and disciplinary action referenced in this Settlement Agreement. CorVel Enterprise also waives any right to appeal and agrees not to challenge the validity of this Settlement Agreement in any way.
8. The promises, agreements, representations and consideration contained herein are not mere recitals but are contractual in nature.
9. This written document contains the entire agreement between the Parties. There are no other oral or written agreements of any kind that alter or add to this agreement.
10. This Voluntary Settlement Agreement shall become effective when by signed CorVel Enterprise and the Department.

[REDACTED]
CorVel Enterprise
By: Daniel H. Davis
Senior Vice President

[REDACTED]
North Carolina Department of Insurance
By: Angela K. Ford
Senior Deputy Commissioner

Date: July 30, 2014

Date: August 20, 2014

