

**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)
DONALD COX (NPN6586523))**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COMES Donald Cox (hereinafter "Cox") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "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

WHEREAS, Cox is currently licensed to as a producer by the Department in the areas of Medicare Supplement and LongTerm Care, Life, Accident/Health/Sickness and Property/Casualty. Cox is also currently licensed as a broker by the Department; and

WHEREAS, Cox was formerly employed as an agent with Southern Farm Bureau Life Insurance Company (hereinafter "Southern Farm Bureau") in Raleigh, North Carolina. Cox resigned from employment with Southern Farm Bureau on August 25, 2011; and

WHEREAS, on September 12, 2011, Southern Farm Bureau notified the Department of possible insurance rebating practices by Cox. They alleged that Cox paid the insurance premiums for several life insurance policies where he completed and submitted applications for the consumers. Southern Farm Bureau alleged these rebating practices occurred between 2006-2010; and

WHEREAS, Cox admits that on several occasions he personally paid the premiums for the life insurance policies of specific customers and submitted these life insurance applications to Southern Farm Bureau; and

WHEREAS, Cox alleges that Southern Farm Bureau was aware and encouraged this practice by agents to assist them in meeting required employment sales quotas for life insurance policies; and

WHEREAS, the actions of Cox provide sufficient grounds for the revocation of his insurance licenses pursuant to N. C. Gen. Stat. §58-33-46; and

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WHEREAS, the actions of Cox are in violation of N. C. Gen. Stat. §58-33-46(a)(2), which provides substantial grounds for the revocation, suspension or denial of an insurance application for violating any insurance law of this or any other state; and

WHEREAS, the actions of Cox are in violation of N. C. Gen. Stat. §58-33-46(a)(8) which provides substantial grounds for the revocation, suspension or denial of an insurance license 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, the North Carolina General Statutes specifically outlines rebating as a form of unfair and deceptive trade practices pursuant to N.C. Gen. Stat. §58-63-15(8); and

WHEREAS, the actions of Cox are in violation of North Carolina's insurance rebating statutes N.C. Gen. Stat. §§ 58-33-85 and 58-63-15; and

WHEREAS, N.C. Gen. Stat. §58-33-85(a) provides that “. . . No insurer, agent, broker or limited representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance. No insured named in a policy of insurance, nor any employee of such insured, shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement or reduction of premium, or any special favor or advantage or valuable consideration or inducement . . .”; and

WHEREAS, N.C. Gen. Stat. §58-63-15(8)(a) provides that, “Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract”; and

WHEREAS, N.C. Gen. Stat. § 58-63-15(8)(c) provides that, “No insurer or employee thereof, and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance . . .”; and

WHEREAS, the actions of Cox in offering to pay the life insurance premiums of potential consumers as an incentive to apply for coverage violates N. C. Gen Stat § 58-33-105. N.C. Gen. Stat. § 58-33-105 provides that, "If any agent, examining physician, applicant, or other person shall knowingly or willfully make any false or fraudulent statement or representation in or with reference to any application for insurance, or shall make any such statement for the purpose of obtaining any fee, commission, money or benefit from any company engaged in the business of insurance in this State, he shall be guilty of a Class 1 misdemeanor"; and

WHEREAS, the nature of these violations would provide the Department with an adequate basis upon which to suspend or revoke an insurance license; and

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


NOW THEREFORE, in exchange for the consideration of the promises and agreements set out herein, the Department and Cox hereby agree to and waive any objections to the following:

1. Cox shall pay a civil penalty in the amount of four thousand and five hundred dollars (\$4,500.00), due immediately upon execution of this agreement. The check 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 check for the civil penalty and this executed Agreement shall be submitted to the Agent Services Division of the North Carolina Department of Insurance on or before April 13, 2012.**
2. Cox shall obey all North Carolina laws and regulations applicable to a licensed insurance agent.
3. Cox enters into this Agreement freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter.
4. Cox voluntarily waives any right to a notice of an administrative hearing and any right to a hearing on the violations and disciplinary actions referenced in this Agreement. Cox also waives any right to appeal and agree not to challenge the validity of this Agreement in any way.
5. This agreement does not in any way affect the Department's disciplinary power in any other cases or complaints involving Cox.
6. 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.

7. 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.
8. The Parties agree that the Superior Court of Wake County shall be the venue for any actions seeking to enforce this Agreement.
9. If, for any reason, any part or provision of this Agreement is found to be void or unenforceable, the other parts and provisions shall remain in full force and effect.
10. The Parties have read and understand this Agreement and agree to abide by the terms and conditions contained herein.

This the _____ day of March, 2012.


Donald Cox (NPN 6586523)

Angela Ford
Senior Deputy Commissioner
North Carolina Department of Insurance