

**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
FINANCIAL CASUALTY & SURETY, INC.**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COMES Financial Casualty & Surety, Inc. ("Company") and the North Carolina Department of Insurance ("Department"), and hereby enter into the following Voluntary Settlement Agreement ("Agreement"):

WHEREAS, Company is a corporation organized and existing under the laws of the State of Texas; and is an admitted insurer in the State of North Carolina;

WHEREAS, Company is licensed as a surety insurance company with bail bond authority in North Carolina;

WHEREAS, N.C. Gen. Stat. § 58-2-185 requires that "[a]ll 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";

WHEREAS, N.C. Gen. Stat. § 58-2-200 requires that "[i]t is the duty of any person having in his possession or control any books, accounts, or papers of any company licensed under Articles 1 through 64 of this Chapter, to exhibit the same to the Commissioner or to any deputy, actuary, accountant, or persons acting with or for the Commissioner. Any person who shall refuse, on demand, to exhibit the books, accounts, or papers, as above provided, or who shall knowingly or willfully make any false statement in regard to the same, shall be subject to suspension or revocation of his license under Articles 1 through 64 of this Chapter; and shall be deemed guilty of a Class 1 misdemeanor";

WHEREAS, the Department contends that Company violated N.C. Gen. Stat. §§ 58-2-185 and 58-2-200 by failing to produce records upon demand of the Department;

WHEREAS, N.C. Gen. Stat. § 58-3-100 provides that an insurance company license may be revoked for failure to obey the provisions of Chapter 58 of the North Carolina General Statutes applicable to it;

WHEREAS, the Company denies that it has failed to comply with said statutes and contends that it has produced all documentation requested by the Department in a timely manner;

WHEREAS, pursuant to N. C. Gen. Stat. §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, the parties to this Agreement desire to resolve this matter by agreement to avoid the cost and expense of protracted litigation; and

WHEREAS, the parties to this Agreement have reached a mutually agreeable resolution of these matters as set out in this Agreement;

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

1. Company shall pay a civil penalty in the total amount of Fifty Thousand Dollars (\$50,000.00) to the Department. The form of payment shall be 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.” Company shall submit the civil penalty no later than the 30th day of June, 2018. 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. Company shall reimburse the Department for extraordinary administrative expenses the amount of Forty-five Thousand Dollars (\$45,000.00). The form of payment shall be certified check, cashier’s check or money order. The check or money order for the payment of this reimbursement shall be payable to the “North Carolina Department of Insurance.” Company shall submit the reimbursement no later than the 31st day of July, 2018.
3. For a period of twenty-four (24) months after the execution of this Agreement, Company shall comply with the following conditions:
 - a. Company shall comply with all provisions of Chapter 58 of the North Carolina General Statutes and Title 11 of the North Carolina Administrative Code that are applicable to it.
 - b. Company shall submit in writing, each month, a written report in a format acceptable to the Department, of the surety bail bonds written or executed in the State of North Carolina on its behalf in excess of \$2,500.00 during the applicable calendar month. Each such report shall include all known surety bail bonds written or executed in excess of \$2,500.00 during the applicable calendar month. A written report shall be due pursuant to the terms of this Agreement even if no

bail bonds are written during the period reported to the Department. Each report shall include the power number of the bond, the amount of the bond, the county in which it was written, the court file number, defendant's name, the date the bond was written and the name of the bail agent writing the bond. Each report shall also report any and all powers that have been reported to the Company as lost or stolen.

- c. Company's surety bail bond reports shall be received monthly by the Department and shall include bail bonds written in North Carolina during the calendar month that is two calendar months prior to the report. In the event a bail bond required to be reported to the Department is reported to Company after the applicable report has been submitted to the Department, Company shall submit a supplemental report, and include such previously unreported bail bond, to the Department for such period within one calendar month of Company's receipt of the previously unreported bail bond.
- d. Company's first written report of the surety bail bonds written or executed on its behalf for the month of July, 2018 is due on or before the 1st day of October, 2018.
- e. Company shall comply, within 7 calendar days, with all written requests by the Department for documentation regarding its surety bail bond business written during the period of this Agreement pursuant to 11 NCAC 1.0602.
- f. Company shall not knowingly allow its powers of attorney to be supplied to any person not properly licensed by the Department and appointed with Company. Company shall report to the Department any powers of attorney of Company that have been supplied to any person not properly licensed by the Department and appointed with Company within 7 calendar days of receipt of such information.
- g. Company shall not employ or utilize any person as its managing or general agent, unless such person has been approved by the Department. If the Department denies a request for such an approval, it shall do so in writing to Company and include the reasons for such denial. In the event the Department does not respond to such an approval request by Company within 14 calendar days after receipt of such request, the request shall be deemed approved by the Department.
- h. Company shall report to the Department within 10 business days of any managing or general agents who are removed from Company's employ or who are no longer being utilized to receive and distribute bond powers in the State of North Carolina.
- i. Company will not knowingly allow its powers to be used by an appointed bail agent who does not negotiate or enter into a contract with the defendant/principal.

Company shall report to the Department any powers used by an appointed bail agent who does not negotiate or enter into a contract with the defendant/principal within 5 business days of receipt of such information.

- j. The Company will require any managing or general agent, and all appointed bail agents, to report any lost or stolen powers to Company within 7 calendar days of the discovery of such loss or theft.

4. Company enters into this Agreement freely and voluntarily and with knowledge of its right to have an administrative hearing on this matter. Company has consulted with counsel prior to entering into this Agreement.

5. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner of Insurance. N.C. Gen. Stat. § 58-3-100 provides that an insurance company's license may be revoked if the insurance company fails to comply with an Order of the Commissioner.

6. This Agreement does not in any way affect the Department's disciplinary power in any future examination of Company, or in any other complaints involving Company; provided, however, that this Agreement resolves all outstanding violations alleged by the Department, or that could have been alleged by the Department in connection with its investigation of Company, which investigation has resulted in the voluntary settlement memorialized by this Agreement. This Agreement constitutes a voluntary settlement of disputed claims and nothing contained in this Agreement may be construed as an admission of wrongdoing. In the event that Company fails to comply with this Agreement or otherwise fails to comply with the laws and rules applicable to it, the Department may take any administrative or legal action it is authorized to take.

7. This Agreement, when finalized, is regulatory action by the Department, is a public record and is not confidential. 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.

8. Company has been made aware that if a state or federal regulator other than the Department has issued a license to Company, such regulator may require Company to report this administrative action to it.

9. This Agreement shall become effective when signed by Company and the Department.

FINANCIAL CASUALTY & SURETY, INC.

By: _____

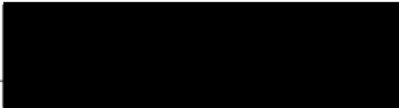


Name: William M. Shields
Title: President

Date: June 27, 2018

NORTH CAROLINA DEPARTMENT OF INSURANCE

By: _____



Marty Sumner
Senior Deputy Commissioner

Date: 7/2/18