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NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

BEFORE THE COMMISSIONER  
OF INSURANCE

IN THE MATTER OF  
GOHEALTH, LLC AND  
MICHAEL K. OWENS

VOLUNTARY SETTLEMENT  
AGREEMENT

**WHEREAS**, the North Carolina Department of Insurance (hereinafter "Department" or "NCDOI") is charged with the authority and responsibility for the enforcement of the insurance laws of the State of North Carolina; and

**WHEREAS** GoHealth, LLC (hereinafter, "GoHealth") is an Illinois insurance agency which holds a nonresident business entity license issued by the Department on September 23, 2009;

**WHEREAS** Michael K. Owens (hereinafter, "Mr. Owens") holds nonresident Producer and Medicare Supplement/Long Term Care agents licenses issued by the Department on August 22, 2003. Mr. Owens is the Senior Vice President and designated responsible licensed producer for GoHealth;

**WHEREAS**, on July 30, 2010, Time Insurance entered into a Managing General Agent Agreement (hereinafter, "MGA Agreement") with Mr. Owens and GoHealth. The MGA Agreement authorized Mr. Owens and GoHealth to recruit agents to sell Time Insurance products and expressly required that Mr. Owens and GoHealth "coordinate the proper completion and submission [to Time Insurance] of licensing, appointing, or contracting materials to ensure that every agent that solicits insurance for [Time Insurance]: \*is duly licensed by the state in which they solicit \*is properly appointed through the Company \*and is authorized by [Time Insurance] to submit applications for each type of product";

**WHEREAS**, pursuant to the MGA Agreement, Mr. Owens and GoHealth are authorized to market and sell Time Insurance's products, including Time Insurance's Fixed Indemnity, Dental, Accident, and Critical Illness products in at least 32 states, including North Carolina;

**WHEREAS**, Paul Simpson (hereinafter, "Mr. Simpson"), entered into a Producer Agreement with GoHealth on March 29, 2010. Pursuant to the agreement, Mr. Owens supervised and directed Mr. Simpson's activities and Mr. Simpson was required to report to and comply with Mr. Owens' supervision and direction;

**WHEREAS**, on April 1, 2011, GoHealth entered into a Business Development Agreement with ZoomHealth, Inc. (hereinafter, "ZoomHealth"), an NCDOL-licensed California insurance agency. The agreement required the parties to "work together to generate a high volume of sales of individual health insurance policies." Mr. Simpson, a principal of ZoomHealth, signed the agreement for ZoomHealth and Mr. Owens signed the agreement for GoHealth;

**WHEREAS**, pursuant to the Business Development Agreement, GoHealth sold insurance leads to ZoomHealth in the geographic areas where ZoomHealth agreed to a commission sharing arrangement with GoHealth, including North Carolina and 31 other states in which GoHealth is authorized to sell Time Insurance fixed indemnity and supplemental products;

**WHEREAS**, the Business Development Agreement required, in pertinent part, that ZoomHealth "ensure that all Agency producers are duly licensed and properly appointed with GoHealth insurance carriers prior to distributing leads to such producers";

**WHEREAS**, Mr. Simpson and Jake Mendell (hereinafter, "Mr. Mendell") hold nonresident Producer licenses with Life, Accident & Health or Sickness lines of authority which were first issued by the Department on April 6, 2011. Mr. Mendell was responsible for the training and management of ZoomHealth agents and oversaw the sales activities and submission of business by ZoomHealth agents;

**WHEREAS**, ZoomHealth agents utilized sales scripts which steered consumers looking for health insurance to purchase Time Insurance fixed indemnity and supplemental products. Thus, ZoomHealth agents primarily sold Time Insurance fixed indemnity and supplemental products;

**WHEREAS**, N.C.G.S. § 58-33-26(a) prohibits a person from acting or holding himself or herself out to be an agent in North Carolina unless duly licensed by the Commissioner;

**WHEREAS**, the term "agent" is defined under N.C.G.S. § 58-33-10(a) as "a person licensed to solicit applications for, or to negotiate a policy of, insurance" and the term "solicit" is defined under N.C.G.S. § 58-33-10(18) as "attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company";

**WHEREAS**, N.C.G.S. § 58-33-40(a) provides that "No individual who holds a valid insurance agent's licenses issued by the Commissioner shall, either directly or for an insurance agency, solicit, negotiate, or otherwise act as an agent for an insurer by which the individual has not been appointed";

**WHEREAS**, ZoomHealth only required that its agents hold a resident California accident and health agent's license in order to sell insurance in states outside of California;

**WHEREAS**, ZoomHealth allegedly believed that state licensing and appointment laws did not require that agents be licensed and appointed in the states in which they solicited insurance

applications as long as the agents acted under the supervision of a managing agent who was duly licensed and appointed in the states in which the agents solicited applications;

**WHEREAS**, Time Insurance assigns an agent writing number to each agent appointed with Time Insurance and requires that all insurance applications be submitted under the agent's own writing number;

**WHEREAS**, ZoomHealth agents submitted insurance applications taken from residents of states outside of California under either agent Mendell or Simpson's writing numbers;

**WHEREAS**, Mr. Owens, GoHealth and Time Insurance knew that ZoomHealth agents were submitting insurance applications under either Mr. Mendell or Mr. Simpson's writing numbers. The insurance applications did not identify the agent who actually solicited the application (hereinafter, "soliciting agent") and neither Mr. Owens, GoHealth nor Time Insurance required that ZoomHealth provide the name of the soliciting agent in order to confirm that the soliciting agent was duly licensed and appointed in the state of solicitation;

**WHEREAS**, Zoom Health submitted insurance applications directly to Time Insurance through an online portal provided by Time;

**WHEREAS**, Mr. Simpson told Mr. Owens that ZoomHealth agents were submitting all insurance applications under Mr. Mendell's or Mr. Simpson's writing numbers in order to manage the flow of resulting commission payments back to ZoomHealth;

**WHEREAS**, Mr. Owens and GoHealth contend that they did not know that ZoomHealth allowed agents to sell insurance in states outside of California without holding appropriate nonresident licenses in those states until after November 2011 when the Department began investigating a complaint which it received from a North Carolina consumer named Richard Warren. Mr. Warren alleged that the agent who sold him Time Insurance fixed indemnity and supplemental policies made misrepresentations about the policies;

**WHEREAS**, in its initial response to the Department's inquiry regarding Mr. Warren's complaint, Time Insurance indicated that the application was taken by ZoomHealth agent Bill Foss but was submitted under Mr. Mendell's writing number. Time Insurance further indicated that it had requested that Mr. Mendell provide a statement explaining why the application had been submitted under his writing number;

**WHEREAS**, GoHealth assisted Mr. Mendell in preparing a statement in response to Time Insurance's request for an explanation regarding the sale to Mr. Warren. On December 15, 2011, GoHealth submitted Mr. Mendell's statement to Time Insurance. Mr. Mendell's statement did not explain why Mr. Warren's application had been submitted under Mr. Mendell's writing number and merely indicated that Mr. Foss should have referred Mr. Warren's call to Mr. Mendell since Mr. Foss is not licensed in North Carolina;

**WHEREAS**, the Department subsequently learned that Mr. Foss did not hold agents

licenses in any state. In January 2013, the Department requested Time Insurance to provide information and documents relating to all sales of Time Insurance products to North Carolina consumers by ZoomHealth agents since ZoomHealth's inception;

**WHEREAS**, in February 2012, Time Insurance provided information and documents relating to all sales of Time Insurance products to North Carolina consumers by ZoomHealth in response to the Department's requests. Based upon the sales data provided by Time Insurance, the Department determined that ZoomHealth agents took and submitted a total of 1947 Time Insurance policy applications from North Carolina residents from April 2011 through February 27, 2012 and that Mr. Mendell or Mr. Simpson were listed as the writing agent on 1583 of these applications. Mr. Mendell and Mr. Simpson were licensed and appointed by Time Insurance in North Carolina and all states in which Time Insurance policies were sold;

**WHEREAS**, in its response, Time Insurance informed the Department that policy applications submitted under Mr. Mendell and Mr. Simpson's writing numbers were actually sold by other ZoomHealth agents. Time Insurance also indicated that it did not know the names of the actual writing agents and thus could not confirm whether those agents were duly licensed and appointed. Time Insurance did not explain why the applications had been submitted under Mr. Mendell and Mr. Simpson's writing numbers;

**WHEREAS**, ZoomHealth subsequently provided the names of the actual writing agents in response to the Department's requests. Based upon the information and data provided by Time Insurance and ZoomHealth, the Department determined that 1451 of the 1583 policies submitted under Mr. Simpson and Mr. Mendell's writing numbers were actually sold by agents who did not hold a North Carolina nonresident agent's license in violation of N.C.G.S. § 58-33-26(a);

**WHEREAS**, the Department also determined that 1553 of the 1947 insurance applications which list the names of licensed and appointed agents as the writing agents were actually taken by agents who were not appointed with Time Insurance in violation of N.C.G.S. § 58-33-40(a);

**WHEREAS**, Time Insurance and GoHealth subsequently provided the Department with copies of e-mail correspondence between GoHealth and Time Insurance regarding the licensing and appointment status of ZoomHealth agents. The Department contends that the e-mail correspondence shows that Time Insurance and GoHealth knew that un-appointed ZoomHealth agents were selling insurance;

**WHEREAS**, the e-mail correspondence shows that in October 2011 Time Insurance directed Mr. Owens and ZoomHealth to undertake an initiative to get all ZoomHealth agents appointed with Time Insurance. In connection with that initiative, a Time Insurance representative requested that Mr. Owens provide a listing of ZoomHealth's agents so that it could verify agent licensure and appointment requirements in October 2011;

**WHEREAS**, prior to October 2011, GoHealth assumed that: (a) Mr. Simpson and

ZoomHealth knew and understood that state licensing and appointment laws require agents to be duly licensed and appointed in each state in which they solicit and take applications for insurance coverage and (b) ZoomHealth agents were only soliciting applications for insurance coverage in states in which they were duly licensed as agents;

**WHEREAS**, in the months of October and November of 2011, GoHealth and Time Insurance first learned that ZoomHealth agents were not licensed in each state that ZoomHealth sold insurance;

**WHEREAS**, in response to the Department's inquiries, Time Insurance informed the Department that it asked GoHealth about the license status of the un-appointed ZoomHealth agents and that GoHealth initially told Time Insurance on December 8, 2011 that these agents were properly licensed. Time Insurance also told the Department that upon further questioning, GoHealth informed Time Insurance on December 14, 2011 that ZoomHealth was selling through unlicensed agents;

**WHEREAS**, on December 14, 2011 Time Insurance informed Mr. Owens via e-mail that effective immediately all unlicensed ZoomHealth agents will stop selling Assurant Health products and that only those agents that are licensed to sell in the specific state in which the consumer resides are approved to sell. Assurant Health is the brand name for a family of health insurance products underwritten and issued by Time Insurance, John Alden Life Insurance Company, and Union Security Insurance Company. Time Insurance also reiterated its prior request for a list of the ZoomHealth agents and states in which those agents are licensed to sell;

**WHEREAS**, on December 15, 2011, Time Insurance confirmed to Mr. Owens via e-mail that any ZoomHealth agents who were licensed in resident and nonresident states and appointed with Time Insurance could resume selling effective Monday morning;

**WHEREAS**, Time Insurance terminated Mr. Mendell and Mr. Simpson's appointments effective December 20, 2011. Time Insurance later terminated all ZoomHealth agents' appointments effective February 6, 2012;

**WHEREAS**, Mr. Owens and GoHealth dispute Time Insurance's allegation that GoHealth informed Time Insurance on December 14, 2011 that ZoomHealth was selling through unlicensed agents and contend that Mr. Owens and GoHealth were not aware that unlicensed ZoomHealth agents were selling Time Insurance products until a Time Insurance executive informed Mr. Owens of this on December 14, 2011;

**WHEREAS**, the Department contends that Mr. Owens and GoHealth had a responsibility to ensure that ZoomHealth agents selling insurance to North Carolina residents were duly licensed and appointed as required by N.C.G.S. §§ 58-33-26(a) and 58-33-40(a);

**WHEREAS**, the Department contends that GoHealth and Mr. Owens failed to ensure that ZoomHealth agents were properly licensed and appointed in compliance with N.C.G.S. §§ 58-33-26(a) and 58-33-40(a), respectively;

**WHEREAS**, the Department contends that Mr. Owens and GoHealth knew or should have known that ZoomHealth was allowing agents to sell insurance to North Carolina residents without nonresident agents licenses and company appointments in violation of N.C.G.S. §§ 58-33-26(a) and 58-33-40(a) and that Mr. Owens and GoHealth should have ordered ZoomHealth to cease and desist this practice as soon as they became aware of ZoomHealth's noncompliance with these laws;

**WHEREAS**, the Department contends that the practice of submitting insurance applications which identify the writing agent to be a person other than the agent who actually solicited and wrote the application is an unfair and deceptive practice in the business of insurance in violation of N.C.G.S. § 58-63-10;

**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;"

**WHEREAS**, the Department has requested and GoHealth and Mr. Owens have agreed to enter into this agreement to take remedial measures and to pay a civil penalty of thirty-three thousand eight hundred and eighty dollars (\$33,880.00) in lieu of additional penalties, sanctions, remedies, or restitution based on this matter which could be assessed against GoHealth due to the aforementioned violations of N.C.G.S. §§ 58-33-26(a) and 58-33-40(a) attributable to ZoomHealth agents not being licensed and appointed in North Carolina;

**WHEREAS**, in order to monitor and ensure compliance with agent licensing and appointment laws, GoHealth and Mr. Owens agree that within one month of the execution of the Voluntary Settlement Agreement they will: (1) identify all employees of insurance agencies which are under contract with GoHealth who are engaged in the sale, solicitation, and/or negotiation of insurance, (2) obtain a list all states in which those employees are or will be selling, soliciting, and/or negotiating insurance from the insurance agencies, and (3) obtain documentation verifying that those employees are duly licensed as an agent and appointed in each state in which the agent is or will be selling, soliciting, and/or negotiating insurance as required by state licensing and appointment laws;

**WHEREAS**, GoHealth and Mr. Owens also agree that they will henceforth require all insurance agencies under contract with GoHealth to: (1) identify all newly hired employees who will be engaged in the sale, solicitation, and/or negotiation of insurance upon the date of hire, (2) to list the states in which the new hire will be engaged in the sale, solicitation, and/or negotiation of insurance, and (3) to provide documentation verifying that the agent is duly licensed and appointed in each state in which the agent is or will be selling, soliciting, and/or negotiating insurance as required by state agent licensing and appointment laws;

**WHEREAS**, GoHealth and Mr. Owens also agree that they will henceforth: (a) maintain a list of all insurance agency employees which have been identified as engaging in the sale,

solicitation, and/or negotiation of insurance, (b) maintain records of GoHealth's compliance with the license and appointment verification requirements set forth in this agreement for a period of seven years and (c) furnish copies of all lists and records documenting GoHealth's compliance with the verification requirements set forth in this agreement to the Department within 10 business days of receipt of any written request from the Department;

**WHEREAS**, GoHealth and Mr. Owens agree that they will henceforth require that all insurance applications taken by agents employed by either GoHealth or an insurance agency under contract with GoHealth be submitted under the writing number of the agent who actually solicited the insurance application; 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.

**NOW, THEREFORE**, it is agreed by and between the Department, Michael K. Owens, and GoHealth as follows:

1. GoHealth and Michael K. Owens agree to 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 them.
2. GoHealth and Michael K. Owens agree to implement and complete the remedial measures outlined in this Voluntary Settlement Agreement and to comply with the Department's requests for supporting documents in accordance with the terms outlined in this Voluntary Settlement Agreement.
3. By entering into this Voluntary Settlement Agreement, GoHealth and Michael K. Owens do not admit to any violations of the North Carolina insurance statutes or administrative rules.
4. This Voluntary Settlement Agreement constitutes a complete settlement of all administrative penalties against GoHealth and Michael K. Owens for the acts, policies or practices expressly addressed in this Voluntary Settlement Agreement. Except as to the acts, policies, or practices expressly addressed herein, this Voluntary Settlement Agreement does not affect the Department's disciplinary power in any future investigations of GoHealth and Michael K. Owens, or in any other complaints involving GoHealth and Michael K. Owens. In the event GoHealth or Michael K. Owens fails to comply with this Voluntary Settlement Agreement or otherwise fails to comply with the laws and regulations applicable to them, the Department may take any administrative or legal action it is authorized to take.
5. GoHealth and Michael K. Owens agree to pay a civil penalty in the amount of thirty-three thousand eight hundred eighty dollars (\$33,880.00) to the State of North Carolina contemporaneously with the execution of this Agreement. GoHealth and Michael K. Owens agree to satisfy this assessment, by no later than April 7, 2014, by submitting a certified check, cashier's check or money order payable to the "North Carolina Department of Insurance" in the agreed-upon amount, after Michael K. Owens and GoHealth's authorized representative have

signed this Agreement and simultaneously with forwarding this Agreement to the Department for the Senior Deputy Commissioner's signature. Said civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution, and thus shall inure to the benefit of the public schools.

6. The parties to this Voluntary Settlement Agreement agree that it shall have the full force and effect of an order of the Commissioner of Insurance.

7. The Commissioner of Insurance retains jurisdiction over the parties to this Voluntary Settlement Agreement. GoHealth and Michael K. Owens understand that N.C.G.S. § 58-33-46(a)(2) authorizes the Commissioner to revoke an entity or agent's for violating an Order of the Commissioner.

8. This Voluntary Settlement Agreement shall become effective when signed and attested to by GoHealth, Michael K. Owens, and the Department.

9. This Voluntary Settlement Agreement, when finalized will be a public record and will not be treated as confidential. Any and all licenses issued by the Department to GoHealth and Michael K. Owens shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department may disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure.

**NORTH CAROLINA DEPARTMENT OF INSURANCE**

By: [Redacted]  
Angela K. Ford  
Senior Deputy Commissioner

Date: April 10, 2014

GOHEALTH LLC  
[Redacted]  
Cfo

Date: 04-07-14

By: [Redacted]  
Michael K. Owens

Date: 04-07-14

