

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

STATE OF NORTH CAROLINA

**BEFORE THE COMMISSIONER
OF INSURANCE**

COUNTY OF WAKE

**IN THE MATTER OF
THE LICENSURE OF
ROY GREENE**

**ORDER and FINAL
AGENCY DECISION**

Docket Number: 1163

This matter was heard on June 23 and July 14, 2004, by the undersigned hearing officer, as designated by the Commissioner of Insurance. The administrative hearing was held in Room #3099 of the Dobbs Building, located at 430 North Salisbury Street, Raleigh, Wake County, North Carolina. Assistant Attorney General LaShawn L. Strange represented the North Carolina Department of Insurance Agent Services Division (hereinafter "Agent Services"). Roy Greene, (hereinafter "Greene") appeared and was unrepresented by counsel.

After careful consideration of the evidence and arguments presented, and based on the record as a whole, the undersigned Hearing Officer hereby makes the following Findings of Fact and Conclusions of Law:

Findings of Fact

1. The Notice of Administrative Hearing was properly served on Greene on April 28, 2004.
2. Greene currently holds Property and Liability, Life and Health, Medicare Supplement/Long-Term Care, and Motor Club licenses issued by the North Carolina Department of Insurance (hereinafter "the Department").
3. Greene owns the Greene Insurance Agency (hereinafter "Greene Insurance") in Boone, North Carolina. Greene works at the agency as a licensed agent.
4. Greene is in charge of and responsible for the operation of Greene Insurance.
5. The Department conducted a target examination of Greene Insurance pursuant to notification from Prime Rate Premium Finance Corporation (hereinafter "Prime Rate") that a check from Greene Insurance to Prime Rate was returned for insufficient funds.

6. On October 24, 27, 28, 2003, and November 3-5, 10-12, 17-21, 2003, a target examination of Greene Insurance was conducted by Theresa Robinson, an examiner for Agent Services.
7. During the examination, Greene could not produce all bank statements from October 2000 through September 2003 that were requested by the examiner.
8. The bank records produced by Greene did reveal that there were nine (9) negative balances in Greene Insurance's the combined account and ninety-nine (99) negative daily balances in its premium account.
9. Greene failed to deposit premium funds paid by consumers into his combined and premium accounts in a timely manner, resulting in insufficient funds in these accounts.
10. Greene commingled commission checks and consumer premiums in these accounts.
11. Greene failed to make the requested insurance policy changes paid for by consumer Prabodh Patel in a proper and timely fashion, resulting in Patel's automobile insurance policy terminating before requested changes were made.
12. The Maharishi Spiritual Center (hereinafter "the Center") completed an application for workers' compensation coverage and gave the premium for said coverage to Greene. The Center believed that Greene was obtaining coverage through Princeton Insurance (hereinafter "Princeton").
13. The Center was issued insurance coverage binders by Greene which exceeded the scope of Greene's authority, and which listed Princeton as the carrier. Princeton had no record of coverage for the Center, nor was Greene authorized to write through Princeton at this time.
14. The Center never received a workers' compensation policy from Princeton or Greene, nor was such a policy ever issued.
15. Greene required the Center to pay a 1/4 down payment of the total premium, an amount of \$2211, with the balance to be financed. Greene did not refund the premium monies he received from the Center after failing to secure workers' compensation coverage.
16. During the period of coverage listed on the unauthorized binders issued by Greene, two of the Center's employees suffered injuries that would have been covered under a workers' compensation policy had one been in force.
17. After suffering the losses, the Center learned that Greene had not secured the workers' compensation coverage as referenced on the binder.

18. To date, the Center has paid in excess of \$8000 of its own money for the claims of the two injured employees and anticipates more monies to be paid out due to the extent of the injuries.
19. Steven Heaton, owner of Conference Calls Unlimited, completed an application for workers' compensation coverage and was given a quote by Greene.
20. Heaton paid Greene \$336 representing the annual premium for workers' compensation coverage as quoted by Greene. Greene never secured said coverage for Heaton.
21. Greene did not refund any premium monies to Heaton after failing to secure workers' compensation coverage.
22. James Pyle contacted Greene seeking workers' compensation coverage for his commercial business. Pyle paid Greene for coverage and was issued a Certificate of Liability Insurance by Greene.
23. The Certificate of Liability Insurance provided to Pyle by Greene contained incorrect and misleading information in reference to the carriers. The Certificate of Liability Insurance listed "CDC Ins" and "Atlantic Casualty" as the carriers affording coverage, when neither insurer was providing coverage for Pyle. Greene was aware that the Certificate of Liability Insurance would be relied upon by others in the commercial building industry.
24. Greene did not secure any actual workers' compensation coverage for Pyle. Pyle suffered a loss when an employee was injured during the time Pyle believed he had coverage. Said injury was compensable under the terms of the policy for which Pyle had applied.
25. Consumer Ruby Pierce sought homeowner's insurance for her second home through Greene.
26. Pierce paid Greene for coverage and Greene issued her a one year binder for coverage through Travelers Indemnity Insurance Company. Said binder was beyond the scope of Greene's authority to write.
27. Greene failed to secure coverage for Pierce and no policy was ever issued by Travelers.
28. Prime Rate had a contract with Greene to finance consumer insurance policies.
29. Prime Rate authorized Greene to write drafts payable to carriers on behalf of consumers. The drafts would be paid out of monies from Prime Rate's draft account.
30. Greene was not authorized by Prime Rate to write drafts payable to carriers and to later deposit said drafts into his own business accounts. As a result of Greene's actions, Prime Rate's draft funds were paid to Greene instead of the carriers listed as payee on the drafts.

31. Drafts were written payable to various carriers, signed by Greene, and deposited into Greene's accounts. The funds were not forwarded onto carriers on behalf of the consumers.
32. Prime Rate contacted the Department to report a check from Greene for consumer premiums that was dishonored because of insufficient funds in Greene's account.
33. Due to the actions of Greene referenced in paragraph 31, consumers' insurance policies were cancelled.
34. The NC Rate Bureau and Strickland Insurance Brokers, Inc. (hereinafter "Strickland Insurance"), were listed as carriers on Prime Rate financing contracts written by Greene. Greene wrote premium drafts for these contracts, but did not forward the premiums to these carriers on behalf of consumers.

Based on the forgoing Findings of Fact, the Hearing Officer makes the following:

Conclusions of Law

1. This matter is properly before the Commissioner, and the Commissioner has jurisdiction over the parties and the subject matter pursuant to North Carolina General Statutes §58-33-46, 150B-38, 150-40, 11 N.C.A.C. 10401 et seq. and other applicable statutes and regulations.
2. Greene was properly served with the Notice of Administrative Hearing.
3. Greene has commingled premium funds, with the result that funds owed to insurers and policy holders were not available at all times, in violation of 11 N.C.A.C. 4.0429.
4. Greene has misappropriated and converted to his own use the premium funds he received from consumers, as evidenced by the information from bank statements provided by Greene for October 2000 through September 2003. These statements revealed that Greene Insurance has had 9 negative balances in the joint operation and premium draft account, and 99 negative daily balances in the premium draft account, in violation of N.C. Gen. Stat. §58-33-46(a)(4).
5. Greene has misappropriated and converted the premium funds he received from the Center and Steve Heaton during the course of doing insurance business, in violation of N.C. Gen. Stat. §58-33-46(a)(4).
6. Greene has demonstrated incompetence by issuing unauthorized insurance binders to the Center and Ruby Pierce. Engaging in such acts of incompetence under Greene's insurance licenses is a violation of N.C. Gen. Stat. §58-33-46(a)(8).


7. Greene has demonstrated incompetence by failing to secure proper insurance coverage for the Center, Ruby Pierce, and Steve Heaton. These acts of incompetence are in violation of N.C. Gen. Stat. §58-33-46(a)(8).
8. Greene has demonstrated financial irresponsibility by issuing checks to Prime Rate for consumer premiums that were returned for insufficient funds, a violation of N.C. Gen. Stat. §58-33-46(a)(8).
9. Greene has demonstrated financial irresponsibility by failing to forward consumer premium payments to carriers, such as the NC Rate Bureau and Strickland Insurance, as specified on Prime Rate's finance contracts. These acts of incompetence are in violation of N.C. Gen. Stat. §58-33-46(a)(8).
10. Greene has demonstrated incompetence by failing to make the requested policy changes for consumer Prabodh Patel, by issuing an unauthorized Certificate of Liability Insurance coverage and failing to obtain workers' compensation coverage for James Pyle. These acts of incompetence are in violation of N.C. Gen. Stat. §58-33-46(a)(8).

Based on the foregoing Finding of Facts and Conclusions of Law, the Hearing Officer enters the following:

Order

It is hereby ordered that all insurance licenses issued to Roy Greene by the North Carolina Department of Insurance are permanently revoked.

This the 12th day of August, 2004.



Peter A. Kolbe, Hearing Officer
N.C. Department of Insurance


APPEAL RIGHTS: This Order may be appealed to Superior Court within 30 days of receipt, as set forth in the General Statutes of North Carolina.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this day I have served a copy of the **Order and Final Agency Decision** by mailing a copy of the same via certified U.S. mail, first class postage prepaid, and addressed as follows:

Roy Greene
Greene Insurance Agency
465 E. King Street
Boone, NC 28607

This the 12th day of August, 2004.



✓ LaShawn L. Strange
Assistant Attorney General
N. C. Department of Justice
9001 Mail Service Center
Raleigh, N.C. 27699-9001
(919) 716-6610
lstrange@ncdoj.com