

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

STATE OF NORTH CAROLINA)
COUNTY OF WAKE)
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)
IN THE MATTER OF THE LICENSURE)
OF PAULINE McCOY)
(NPN #: 6574956))
)
)

BEFORE THE COMMISSIONER OF
INSURANCE
Docket Number: 1359

**FINAL AGENCY DECISION
AND ORDER**

THIS CAUSE was heard on November 9, 2010, by the undersigned hearing officer, designated by the Commissioner of Insurance pursuant to N.C. General Statute § 58-2-55, pursuant to notices of hearing that were duly issued and served.

The North Carolina Department of Insurance (“Department”) was present, represented by the Agent Services Division. The Department was represented by Assistant Attorney General Robert D. Croom.

Respondent Pauline McCoy (“Respondent”) was present and represented herself.

At the hearing, Catherine O’Conner was called to testify on behalf of the Department. Respondent testified on her own behalf.

The Department offered into evidence Administrative Exhibits A1 through A3 and said documents were admitted into evidence.

The Department offered into evidence Hearing Exhibits: P1; P2A through E; P3; P4; P5; P6A and B; P7A and B; P8A through C; P9A and B; P10A through C; P11A through D; P12A and B; P13A through D; P14; P15; P16; P17; P18A and B; P19A and B; P20; P21A through C; P22A and B; P23; P25A through D; P26A and B; P27A and B; P28A through D; P29A and B, P30A through F; P32A through D; and P33 and said documents were admitted into evidence.

Respondent offered into evidence exhibits R1 through R6 and said exhibits were admitted into evidence.

Any finding of fact contained in this final agency decision and order that also constitutes a conclusion of law is hereby adopted as a conclusion of law. Likewise, any conclusion of law contained in this final agency decision and order that constitutes a finding of fact is hereby adopted as a finding of fact.

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 for Respondent was properly served on Respondent on September 15, 2010.
2. The Notice of Administrative Hearing was received by Respondent on September 18, 2010.
3. Respondent currently holds a property and casualty agent/producer license and a broker license, issued by the Department. Respondent's property and casualty agent/producer license was first issued by the Department on January 27, 1990 and Respondent's broker license was first issued by the Department on May 13, 2004.
4. At all times relevant to the matters herein, Respondent was employed as an agent at the A-Hix Insurance Center located at 3010 High Point Road, Greensboro, N.C. 27403 ("A-Hix").
5. On March 14, 15, 17 and on June 22, 2005 the Department conducted an examination to investigate allegations of whether agents employed at A-Hix improperly sold motor club memberships with insurance policies to North Carolina consumers.
6. As part of its target examination, the Department requested a list of all motor club memberships sold during the past three (3) years (Petitioner's exhibit P4).
7. From this list, the Department selected a sample of A-Hix customers and requested motor club membership applications and associated documents for those customers.
8. At the time of the target examination and at all times relevant to the matters involving the alleged improper sale of motor club memberships, the A-Hix insurance agencies sold motor club memberships through Atlantic Automobile Association ("A/A/A").
9. At the time of the target examination and at all times relevant to the matters involving the alleged improper sale of motor club memberships, A/A/A offered motor club memberships at five different levels of benefits, also known as tiers. The memberships were offered for either a six-month or 12-month period. For each membership there could be up to three associate members with the cost for each associate member equaling one-half ($\frac{1}{2}$) the price of membership for chosen tier and time period. The terms of the memberships stated that no one could have more than one certificate with A/A/A.
10. A/A/A priced its motor club memberships as follows:

	<u>6 MONTHS</u>	<u>12 MONTHS</u>
AA-1	MASTER 18.00	36.00
	1 ASSOC 27.00	54.00
	2 ASSOC 36.00	72.00
	3 ASSOC 45.00	90.00
AA-2	MASTER 24.00	48.00
	1 ASSOC 36.00	72.00
	2 ASSOC 48.00	96.00
	3 ASSOC 60.00	120.00
AA-3	MASTER 36.00	72.00
	1 ASSOC 54.00	108.00
	2 ASSOC 72.00	144.00
	3 ASSOC 90.00	180.00
AA-4	MASTER 48.00	96.00
	1 ASSOC 72.00	144.00
	2 ASSOC 96.00	192.00
	3 ASSOC 120.00	240.00
AA-5	MASTER 66.00	132.00
	1 ASSOC 99.00	198.00
	2 ASSOC 132.00	264.00
	3 ASSOC 165.00	330.00

11. On September 10, 2004, Respondent sold a motor club membership, written through A/A/A, to Michael Luckett. The amount charged for the motor club membership was \$100.00. The membership term was September 10, 2004 to March 10, 2005. The motor club application lists no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a six-month AA-5 membership with no associates was \$66.00.

12. On June 8, 2004, Respondent sold a motor club membership, written through A/A/A, to Abdul Jabbar. The amount charged for the motor club membership was not indicated on the motor club application. The membership period for the motor club was June 8, 2004 to June 8, 2005. The motor club application lists no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership and that Abdul Jabbar was charged \$829.00. The correct amount for a 12-month AA-5 motor club membership with no associates was \$132.00.

13. On June 8, 2004, Respondent sold a motor club membership, written through A/A/A, to Abdul Jabbar. The membership period for the motor club membership was June 8,

2004 to June 8, 2005. The amount charged for the motor club membership was \$529.00. The motor club application shows no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a 12-month AA-5 motor club membership with no associates was \$132.00.

14. From June 8, 2004 to June 8, 2005 Abdul Jabbar had duplicate motor club coverage.

15. On June 11, 2004, Respondent sold a motor club membership, written through A/A/A, to Manuel Espitia. The membership period was June 11, 2004 to December 11, 2004. The amount charged for the motor club was not listed on the membership application. The motor club application shows no tier level and two associates.

16. On June 11, 2004, Respondent sold a second motor club membership, written through A/A/A, to Manuel Espitia. The membership period was June 11, 2004 to December 11, 2004. The amount charged for the motor club was not listed on the membership application. The motor club application shows no tier level and one associate.

17. Exhibit P4 shows that Manuel Espitia was sold three motor club policies with membership periods of June 11, 2005 [erroneously stated] through December 11, 2004. The motor club list shows that all three policies were tier AA-5 memberships. The amounts charged for the motor club memberships were \$100.00, \$600.00 and \$550.00. The correct amount for a six-month AA-5 motor club membership with one associate was \$99.00 and with two associates was \$132.00.

18. From June 11, 2004 to December 11, 2004, Manuel Espitia had duplicate motor club coverage.

19. On January 23, 2003, Respondent sold a motor club membership, written through A/A/A, to Mary Smith. The amount charged for the motor club membership was \$41.00. The membership term was January 23, 2003 to July 23, 2003. The motor club application lists no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a six-month AA-5 motor club membership with no associates was \$66.00.

20. On June 19, 2003, Agent Crystal Huneycutt sold a motor club membership, written through A/A/A, to Mary Smith. The amount charged for the motor club membership was \$43.00. The membership term was June 19, 2003 to December 19, 2003. The motor club application lists no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a six-month AA-5 motor club membership with no associates was \$66.00.

21. On October 3, 2003, Respondent sold a motor club membership, written through A/A/A, to Mary Smith. The amount charged for the motor club membership was \$70.00. The

membership term was October 3, 2003 to April 3, 2004. The motor club application lists no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a six-month AA-5 motor club membership with no associates was \$66.00.

22. From June 19, 2003 to July 23, 2003 and from October 3, 2003 to December 19, 2003, Mary Smith had duplicate motor club coverage.

23. On February 20, 2004, Respondent brokered a commercial property policy through Atlantic Casualty Insurance Company ("Atlantic Casualty") for the policyholder Thames Security Communication. At the time the policy was brokered Respondent did not have a broker's license.

24. In conjunction with the commercial property policy Respondent sold to Thames Security Communication, on or about February 20, 2004 Respondent sold a motor club membership, written through A/A/A to Thames Security Communication. The amount charged for the motor club membership was not listed on the application. The membership period was from February 20, 2004 through February 20, 2005. The motor club application lists no associates and no tier level. Exhibit P4 shows the membership was a tier AA-5 membership and that Thames Security Communications was charged \$164.00. The correct amount for a six-month AA-5 membership was \$66.00.

25. On July 21, 2004, Respondent sold a motor club membership, written through A/A/A, to Edwin Garcia. The amount charged for the motor club membership was not indicated on the motor club application. The membership period for the motor club was July 21, 2004 to January 21, 2005. The motor club application lists no associates and no tier level. Exhibit P4 shows the membership was a tier AA-5 membership and that Edwin Garcia was charged \$70.00. The correct amount for a six-month AA-5 membership was \$66.00.

26. On July 21, 2004 in conjunction with a property monoline policy, Respondent sold a motor club membership, written through A/A/A, to Edwin Garcia, Cleaning Unlimited. The amount charged for the motor club was \$132.00. The membership period for the motor club was July 21, 2004 to July 21, 2005. The motor club application lists no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a six-month AA-5 membership was \$66.00.

27. From July 21, 2004 to January 21, 2005, Edwin Garcia had duplicate motor club coverage.

28. On August 31, 2004 in conjunction with a workers' compensation policy, Respondent sold a motor club membership, written through A/A/A, to Noe Martinez and Efrain Zaragoza. The amount charged for the motor club membership was \$379.00. The membership period for the motor club was August 31, 2004 to August 31, 2005. The motor club application listed no tier level and listed Noe Martinez and Efrain Zaragoza as associates. Exhibit P4 shows

the membership was a tier AA-5 membership. The correct amount for a 12-month AA-5 membership with two associates was \$264.00.

29. On August 31, 2004 in conjunction with a commercial general liability policy, Respondent sold a motor club membership, written through A/A/A, to Noe Martinez and Efrain Zaragoza. The amount charged for the motor club membership was \$200.00. The membership period for the motor club was August 31, 2004 to August 31, 2005. The motor club application listed no tier level and listed Noe Martinez and Efrain Zaragoza as associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a 12-month AA-5 membership with two associates was \$264.00.

30. From August 31, 2004 to August 31, 2005, Noe Martinez and Efrain Zaragoza had duplicate motor club coverage.

31. On July 20, 2004, Respondent sold an policy for liability coverage for an event to Spotlight Entertainment. In conjunction with the event policy Respondent sold to Spotlight Entertainment, Respondent sold a motor club membership was to Spotlight Entertainment, with effective dates of July 24, 2004 to July 24, 2005. The amount charged for the motor club membership was \$100.00. The motor club application did not list a tier level or any associate members. Exhibit P4 shows the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

32. On October 8, 2004, in connection with an auto liability policy sold to Paul Gainey, Respondent sold a motor club membership, through A/A/A, to Paul Gainey. The amount charged for the motor club coverage was \$153.00. The membership period for the motor club coverage, as listed on the application, was October 8, 2004 to October 8, 2005. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with one associate was \$132.00.

33. On October 8, 2004, in connection with an auto liability policy sold to Anna Gainey, Respondent sold a motor club membership, through A/A/A, to Anna Gainey. The amount charged for the motor club coverage was \$149.00. The membership period for the motor club coverage, as listed on the application, was October 8, 2004 to October 8, 2005. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with one associate was \$132.00.

34. The addresses listed on the policies for Anna and Paul Gainey are the same.

35. Both Paul Gainey and Anna Gainey were sold a motor club membership, written through A/A/A, by Respondent, although they could have purchased a single membership with one associate member for less money.

36. On November 3, 2004, Respondent sold a motor club membership, written through A/A/A, to Narcisco Deminquez. The membership period for the motor club membership was November 3, 2004 to November 3, 2005. The amount charged for the motor club membership was \$254.00. The motor club application lists no tier level and two associates. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a 12-month AA-5 membership with two associates was \$264.00.

37. On November 4, 2004, Respondent sold a motor club membership, written through A/A/A, to Julio Pacheco. The membership period for the motor club membership was November 4, 2004 to November 4, 2005. The amount charged for the motor club membership was \$254.00. The motor club application lists no tier level and one associate. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a 12-month AA-5 membership with one associate was \$198.00.

38. On November 30, 2004, Respondent sold a motor club membership, written through A/A/A, to Clarence Cooper. The membership period for the motor club membership was November 30, 2005 to November 30, 2006. The amount charged for the motor club membership was \$169.00. The application listed one associate member and did not indicate a tier level. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a six-month AA-5 membership with one associate was \$99.00.

39. On May 17, 2002, Respondent brokered a business automobile policy through Atlantic Casualty for the policyholder Empowerment Center. At the time the policy was brokered Respondent did not have a broker's license.

40. On May 27, 2003, Respondent sold a motor club membership, written through A/A/A, to Maria Toledo. The membership period for the motor club coverage, as listed on the application, was May 27, 2003 through May 27, 2004. The amount charged for the motor club coverage was \$132.00. The motor club application lists no tier level and no associates. Exhibit P4 shows the membership was a tier AA-5 membership.

41. On May 27, 2003, Respondent sold a motor club membership, written through A/A/A, to Maria Toledo. The membership period for the motor club coverage, as listed on the application, was May 27, 2003 through May 27, 2004. The amount charged was illegible on the motor club application and the application lists no associate members. Exhibit P4 shows the membership was a tier AA-5 membership and that Ms. Toledo was charged \$200.00. The correct amount for a 12-month AA-5 membership with no associates was \$132.00.

42. From May 27, 2003 through May 27, 2004, Maria Toledo had duplicate motor club coverage.

43. On July 30, 2004, Respondent sold a motor club membership, written through A/A/A, to Francisco Gomez. The membership period for the motor club coverage was July 30, 2004 through January 30, 2005. The amount charged was \$48. The beneficiary listed is "family" and no tier level is indicated.

44. On July 26, 2002, Respondent brokered a business automobile policy through Atlantic Casualty for the policyholder Jose Garcia. At the time the policy was brokered Respondent did not have a broker's license.

45. On July 26, 2003, in connection with the business automobile policy sold to Jose Garcia, Respondent sold a motor club membership, through A/A/A, to Jose Garcia. The amount charged for the motor club coverage was \$800.00. The membership period for the motor club coverage, as listed on the application, was July 26, 2003 to July 26, 2004. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

46. On August 27, 2003, Respondent brokered a commercial general liability policy through Atlantic Casualty for the policyholders Maria Zuniga and Virginia Galvan. At the time the policy was brokered Respondent did not have a broker's license.

47. On August 27, 2003, in connection with the commercial general liability policy sold to Maria Zuniga and Virginia Galvan, Respondent sold a motor club membership, through A/A/A, to Maria Zuniga and Virginia Galvan. The amount charged for the motor club coverage was not listed on the application. The membership period for the motor club coverage, as listed on the application, was August 27, 2003 to August 27, 2004. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows that the price charged was \$400.00 and the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

48. On August 28, 2004, Respondent sold a motor club membership, written through A/A/A, to Beatrice Frazier. The membership period for the motor club coverage was August 28, 2004 through February 28, 2005. The amount charged was \$600.00. The motor club application lists three associates and no tier level. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a six-month AA-5 motor club membership with three associates was \$165.00.

49. On September 8, 2003, Respondent brokered a commercial general liability policy through Atlantic Casualty for the policyholder Joaquin Mosqueda Painting. At the time the policy was brokered Respondent did not have a broker's license.

50. On September 8, 2003, Respondent sold a motor club membership, through A/A/A, to Joaquin Mosqueda Painting. The amount charged for the motor club coverage was

not listed on the application. The membership period for the motor club coverage, as listed on the application, was September 8, 2003 to September 8, 2004. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows that the price charged was \$232.00 and the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

51. On September 8, 2004, Respondent sold a motor club membership, through A/A/A, to Joaquin Mosqueda Painting. The amount charged for the motor club coverage was not listed on the application. The membership period for the motor club coverage, as listed on the application, was September 8, 2004 to September 8, 2005. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows that the price charged was \$232.00 and the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

52. On September 22, 2003, Respondent brokered a business auto policy through Atlantic Casualty for the policyholder Gail Smith. At the time the policy was brokered Respondent did not have a broker's license.

53. On September 22, 2003, Respondent sold a motor club membership, through A/A/A, to Gail Smith. The amount charged for the motor club coverage was not listed on the application. The membership period for the motor club coverage, as listed on the application, was September 22 2003 to September 22 2004. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows that the price charged was \$300.00 and the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

54. On March 8, 2004, Respondent brokered a commercial property policy through Atlantic Casualty for the policyholder Rodolfo Garcia Garcia. At the time the policy was brokered Respondent did not have a broker's license.

55. On March 8, 2004, Respondent sold a motor club membership, through A/A/A, to Rodolfo Garcia Garcia. The amount charged for the motor club coverage was not listed on the application. The membership period for the motor club coverage, as listed on the application, was March 8, 2004 to March 8, 2005. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows that the price charged was \$250.00 and the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

56. On July 16, 2003, Respondent brokered a commercial general liability policy through Atlantic Casualty for the policyholder Hector Vasquez Garcia. At the time the policy was brokered Respondent did not have a broker's license.

57. On July 16, 2003, in connection with the commercial general liability policy sold to Hector Vasquez Garcia, Respondent sold a motor club membership, written through A/A/A, to Hector Vasquez Garcia. The amount charged for the motor club coverage was \$179.00. The membership period was July 16, 2003 to July 16, 2004. The motor club application lists no associate members and no tier level. Exhibit P4 shows the membership was a tier AA-5 membership. The correct amount for a 12-month AA-5 motor club membership with no associates was \$132.00.

58. On July 16, 2003, in connection with a workers' compensation policy sold to Hector Vasquez Garcia, Respondent sold a motor club membership, written through A/A/A, to Hector Garcia. The amount charged for the motor club coverage was not indicated on the motor club application and the application listed no associates and did not list a tier level. The membership period was July 16, 2003 to July 16, 2004. Exhibit P4 shows the membership was a tier AA-5 membership and that Mr. Garcia was charged \$254.00 for the membership. The correct amount for a 12-month AA-5 motor club membership with no associates was \$132.00.

59. From July 16, 2003 to July 16, 2004, Hector Garcia had duplicate motor club coverage.

60. On July 15, 2002, Respondent brokered a commercial general liability policy for Rush Enterprise. At the time the policy was brokered Respondent did not have a broker's license.

61. On July 15, 2002, in connection with the commercial general liability policy sold to Rush Enterprise, Respondent sold a motor club membership, through A/A/A, to Rush Enterprise/Policy. The amount charged for the motor club coverage was \$132.00. The membership period for the motor club coverage, as listed on the application, was July 15, 2002 to July 15, 2003. The motor club application lists no associates and does not list a tier level. Exhibit P4 shows that the price charged was \$232.00 and the membership was a tier AA-5. The correct amount for at 12-month AA-5 membership with no associates was \$132.00.

62. On June 19, 2004, Respondent sold a motor club membership, written through A/A/A, to Andres Agaton. The amount charged for the motor club coverage was not included on the motor club application and the application listed no associates and did not list a tier level. The membership period was June 19, 2004 to December 19, 2004. Exhibit P4 shows the membership was a tier AA-5 membership and that Mr. Agaton was charged \$79.00 for the membership. The correct amount for a six-month AA-5 motor club membership with no associates was \$66.00.

63. On June 24, 2004, Respondent sold a motor club membership, written through A/A/A, to Andres Agaton. The amount charged for the motor club coverage was \$100.00. The membership period was June 24, 2004 to December 24, 2004. The motor club application lists no tier level and no associate members. Exhibit P4 shows the membership was a tier AA-5

membership. The correct amount for a six-month AA-5 motor club membership with no associates was \$66.00.

64. From June 24, 2004 to December 19, 2004, Andres Agaton had duplicate motor club coverage.

65. On March 25, 2009, the Department conducted another target examination of A-Hix to investigate allegations that Respondent had issued a certificate of insurance containing false information to Steven Shipwash.

66. As part of its examination, the Department reviewed the file for Steven Shipwash as well as some other random transactional files for accuracy.

67. On August 2, 2007, Steven Shipwash met with Respondent and purchased what appeared to be a workers' compensation policy effective beginning in August, 2007.

68. A receipt, numbered 51010534 and dated August 2, 2007, was issued to Steven Shipwash for a workers' compensation policy. The receipt shows "Policy Number AU00511753" and the insurer is shown as the N.C. Rate Bureau. That policy number is not a correct policy number and the N.C. Rate Bureau is not an insurer.

69. The receipt also shows a down payment of \$102.00 and a service fee of \$78.00.

70. The application, receipt and consent form were all signed by Respondent.

71. The consent form lists that a new application fee is \$35.00.

72. Respondent charged Mr. Shipwash a service fee that was in excess of the service fees stated on the agency's consent form.

73. Respondent issued a receipt to Mr. Shipwash with false information on it.

74. A review of the October 31, 2008 transactional file showed that receipt number 51025398, dated October 31, 2008, was issued to Ronald Allen for a workers' compensation policy. The receipt shows "Policy No. AU00512836" and the insurer is shown as the N.C. Rate Bureau. That policy number is not a correct policy number and the N.C. Rate Bureau is not an insurer.

75. The receipt also shows Allen was charged \$45.00 for a service fee.

76. The application, receipt and consent form were all signed by Respondent.

77. The consent form lists that a new application fee is \$35.00.

78. Respondent issued a receipt to Ronald Allen with false information on it.
79. Respondent charged Ronald Allen a service fee that was in excess of the service fees stated on the agency's consent form.
80. Respondent admitted to brokering insurance policies without a broker's license.
81. Respondent admitted that a number of the motor club applications were not filled out correctly by her.
82. As a manager, Respondent had a monetary incentive to sell motor club policies, in that each month that her agency's motor club sales after charge-backs reached \$7,000.00, she received a commission of 20% of the sales in excess of \$7,000.00.
83. As a manager, Respondent had a monetary incentive to charge customers in excess of A/A/A's pricing structure, to sell duplicate motor club coverage and to sell motor club policies with policies where motor club coverage would not be suitable.
84. On multiple occasions, Respondent sold duplicate motor club memberships to consumers despite the clear language of the motor club policies prohibiting this.
85. On multiple occasions, Respondent sold motor club policies to individuals at prices that were not in accordance with A/A/A's pricing structure.
86. On multiple occasions, Respondent brokered insurance policies when she did not have a broker's license issued by the Department.

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

Conclusions of Law

1. This matter is properly before the Commissioner. The Commissioner has jurisdiction over the parties and the subject matter pursuant to North Carolina General Statute §§ 58-71-80, 58-71-82, 58-71-85, 150B-38, and 150B-40; 11 NCAC 1. 0401 *et seq.*; and other applicable statutes and administrative rules.
2. Respondent was properly served with the Notice of Administrative Hearing.
3. Pursuant to N.C. General Statute § 58-33-26(a), no person shall act as or hold himself or herself out to be an agent, broker, limited representative, adjuster, or motor vehicle damage appraiser unless duly licensed.

4. Pursuant to N.C. General Statute § 58-33-46(a)(2), the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes for violating any insurance laws, or violating any administrative rule, subpoena, or order of the Commissioner or of another state's insurance regulator.

5. Pursuant to N.C. General Statute § 58-33-46(a)(5), the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

6. Pursuant to N.C. General Statute § 58-33-46(a)(8), the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere.

7. N.C. General Statute § 58-33-80 prohibits any agent or representative of any company doing the business of insurance, as defined in N.C. General Statute § 58-7-15, from making any discrimination in favor of any person.

8. Respondent violated N.C. General Statute §§ 58-33-26(a) and 58-33-46(a)(2) on multiple occasions by brokering insurance policies without a broker's license issued by the Department.

9. These violations of N.C. General Statute §§ 58-33-26(a) and 58-33-46(a)(2) by themselves are sufficient to justify the revocation of Respondent's licenses issued by the Department.

10. Respondent violated N.C. General Statute § 58-33-46(a)(5) on multiple occasions by intentionally misrepresenting the terms of the motor club memberships to consumers by selling motor club memberships at prices in excess of A/A/A's pricing structure and by selling duplicate motor club memberships to consumers despite the plain language of the policies.

11. These violations of N.C. General Statute § 58-33-46(a)(5) by themselves are sufficient to justify the revocation of Respondent's licenses issued by the Department.

12. Respondent violated N.C. General Statute § 58-33-46(a)(8) on multiple occasions by using fraudulent and dishonest practices and demonstrating incompetence, untrustworthiness, and financial irresponsibility in the conduct of business in this State by selling duplicate motor club memberships to consumers despite the plain language of the policies, by selling motor club memberships when motor club memberships would not be suitable, by selling motor club memberships at prices in excess of A/A/A's pricing structure, by brokering insurance policies without a broker's license issued by the Department, by charging service fees that were in excess

of the service fees listed on company forms, and by issuing receipts that contained false information.

13. These violations of N.C. General Statute § 58-33-46(a)(8) by themselves are sufficient to justify the revocation of Respondent's licenses issued by the Department.

14. Respondent violated N.C. General Statute §§ 58-33-80 and 58-33-46(a)(2) on multiple occasions in that she discriminated in favor of some people by selling motor club memberships to some people at prices in excess of A/A/A's pricing structure and selling motor club memberships to other people at amounts less than A/A/A's pricing structure, for no apparent reason.


15. These violations of N.C. General Statute §§ 58-33-80 and 58-33-46(a)(2) by themselves are sufficient to justify the revocation of Respondent's licenses issued by the Department.

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

Order

It is hereby ordered, pursuant to N.C. General Statute § 58-33-46, that the licenses of Respondent Pauline McCoy are revoked.

This the 14th day of February 2011.


William K. Hale, Hearing Officer
N.C. Department of Insurance

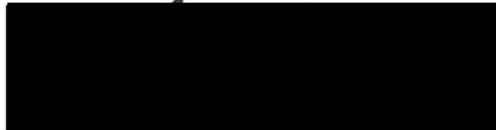
APPEAL RIGHTS: This Order may be appealed to Superior Court within 30 days of receipt, as set forth in Chapter 150B of the General Statutes of North Carolina.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served a copy of the foregoing ORDER AND FINAL AGENCY DECISION by mailing a copy of the same via certified U.S. mail, return receipt requested, in a first class postage prepaid envelope addressed as follows:

Pauline McCoy
1712 Hunter Woods Drive
High Point, North Carolina 27265

This the 15th day of February, 2011.



Robert D. Croom
Assistant Attorney General
N. C. Department of Justice
P.O. Box 629
Raleigh, NC 27602-0629
(919) 716-6610