

**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 RODNEY M. SCOTT
LICENSE NO. 6573028**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COME, Rodney M. Scott (hereinafter "Mr. Scott") and the Agent Services Division of the North Carolina Department of Insurance (hereinafter "Agent Services Division"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, the Agent Services Division regulates and licenses insurance agents in North Carolina; and

WHEREAS, Mr. Scott currently holds a resident broker's license and a resident producer's license with authority for Variable Life & Variable Annuity, Casualty, Property, Accident & Health or Sickness, Life, and Medicare Supplement/Long Term Care lines of insurance issued by the North Carolina Department of Insurance; and

WHEREAS, Mr. Scott is the President and designated responsible licensed producer for Eastern Carolina Insurance Services, Inc. (hereinafter "ECIS"), a North Carolina corporation which holds a business entity insurance producer license issued by the North Carolina Department of Insurance; and

WHEREAS, 11 N.C. Admin. Code 4.0120 entitled "Policy or Service Fees" requires that agents, brokers, or limited representatives that charge policy or service fees to (1) display "in a prominent place so as to be seen and read from any part of the office lobby" a "sign that informs the applicant in large bold print that a policy or service fee of [amount] will be charged[.]" and (2) obtain an applicant's consent in writing on a separate "Policy or Service Fee Consent" form "each time a policy or service fee is charged[.]" and

WHEREAS, a targeted examination conducted by Agent Services Division on July 16, 17, 18 and 22, 2019 (the "Examination") found that ECIS charged a \$20.00 "reversal fee" to Vincent Green on April 11, 2019; and

WHEREAS, during the Examination, Mr. Scott admitted that ECIS charged "reversal fees" to applicants; and

WHEREAS, the Examination found that no sign informing clients of the policy or service fee was displayed in ECIS's lobby, in violation of 11 N.C. Admin. Code 4.0120; and

WHEREAS, the Examination found that ECIS was not obtaining written "Policy or Service Fee Consent" forms from applicants each time the "reversal fees" were charged, in violation of 11 N.C. Admin. Code 4.0120; and

WHEREAS, Mr. Scott admits that ECIS's collection of "reversal fees" from its applicants without displaying a sign in its lobby disclosing the policy or service fee and without obtaining "Policy or Service Fee Consent" forms from applicants each time the fees were charged constitute violations of 11 N.C. Admin. Code 4.0120; and

WHEREAS, N.C. Gen. Stat. § 58-33-46(a)(2) provides that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license issued under Article 58 of the General Statutes of North Carolina for violating any insurance law of this or any other state, violating any administrative rule, subpoena, or order of the Commissioner or of another state's regulator; and

WHEREAS, Mr. Scott admits that ECIS's violations of 11 N.C. Admin. Code 4.0120 would otherwise justify adverse administrative action against the licenses of Mr. Scott and ECIS under N.C. Gen. Stat. § 58-33-46(a)(2); and

WHEREAS, N.C. Gen. Stat. § 58-3-150(f) provides that it is unlawful for any person to knowingly prepare or issue a certificate of insurance that "contains any false or misleading information concerning the policy of insurance to which the certificate of insurance makes reference[;]" and

WHEREAS, the Examination also identified two ECIS certificates of liability insurance where Mr. Scott is identified as the "Authorized Representative" concerning the underlying insurance policies referenced by the certificates but the certificates bear the signature of a different ECIS agent, such that the typed "Authorized Representative" name does not match the certifying signature; and

WHEREAS, Mr. Scott admits that the non-matching "Authorized Representative" and signatures on the ECIS certificates were the result of clerical errors at ECIS, and that certificates of insurance should not contain false or misleading information concerning the policies of insurance to which the certificates make reference; and

WHEREAS, pursuant to N.C. Gen. Stat. § 58-2-70(g), Agent Services Division, as an authorized designee of the Commissioner of Insurance, has express authority to negotiate a mutually acceptable agreement with any person as to the status of the person's North Carolina insurance license, or as to any civil penalty or restitution; and

WHEREAS, Mr. Scott has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of himself, and the Agent Services Division has agreed not

to pursue additional civil ramifications, including penalties, sanctions, remedies, or restitution based on these matters against Mr. Scott; and

WHEREAS, this Agreement is civil in nature and does not preclude criminal prosecution that may result from investigations, if any, conducted by the North Carolina Department of Insurance's Criminal Investigation Division for violation of criminal laws; and

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Agent Services Division initiates an administrative hearing; and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW, THEREFORE, in exchange for the consideration and promises and agreements set out herein, Mr. Scott and the Agent Service Division hereby agree to the following:

1. Immediately upon the signing of this Agreement, Mr. Scott shall pay a civil penalty of five hundred dollars (**\$500.00**) to the Agent Services Division. The form of payment shall be by 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." Mr. Scott shall remit the civil penalty by certified mail, return receipt requested, to NCDOI Agent Services Division (Attention: Cathy O'Connor, ASD) together with the original copy of this Agreement bearing Mr. Scott's signature. **The civil penalty and the signed Agreement must be received by the Department no later than Monday, October 18, 2021.** 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 public schools.
2. This Agreement does not in any way affect the North Carolina Department of Insurance's or the Agent Service Division's disciplinary power in any future examination of ECIS, or in any other complaints involving Mr. Scott or ECIS.
3. Mr. Scott enters into this Agreement, on behalf of himself, freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter. Mr. Scott understands he may consult with an attorney prior to entering into this Agreement.
4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Scott understands that N.C.G.S. § 58-33-46(a)(2) provides that an insurance producer's or broker's license may be revoked for violating an Order of the Commissioner.
5. This Agreement, when finalized, will be a public record and will **not** be held confidential by the North Carolina Department of Insurance or the Agent Services Division. Following the execution of this Agreement, all licenses issued by the North Carolina Department of Insurance to Mr. Scott shall reflect that Regulatory Action has been taken against him. The North Carolina Department of Insurance 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. The North Carolina Department of Insurance routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.

6. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
7. Be aware that if a state or federal regulator other than the North Carolina Department of Insurance has issued an occupational or professional license to you, that regulator may require you to report this administrative action to it. The North Carolina Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

[Redacted Signature]

Rodney M. Scott
N.C. License No. 6573028

Date: 9/30/2021

**AGENT SERVICES DIVISION OF THE
NORTH CAROLINA DEPARTMENT OF INSURANCE**

By: [Redacted Signature]

Angela Hatchell
Deputy Commissioner of the Agent Services Division

Date: 10/7/2021