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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 THE LICENSURE OF
MARK E. SHAFER
(NPN 0009042027)**

**VOLUNTARY SETTLEMENT
AGREEMENT**

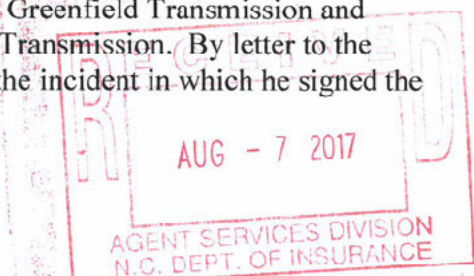
NOW COME (“Mr. Shafer”) and the North Carolina Department of Insurance (“Department” and, together with Agent, the “Parties”) and voluntarily and knowingly enter into the following Voluntary Settlement Agreement (“Agreement”):

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State and for regulating and licensing insurance agents.

WHEREAS, Mr. Shafer holds resident Life, Accident and Health or Sickness agent’s licenses issued by the Department on January 13, 2007, Property and Casualty licenses issued by the Department on December 10, 2007, and Variable Life & Variable Annuity license issued by the Department on August 25, 2010.

WHEREAS, Mr. Shafer was a member of Batchelor & Shafer Insurance Agency, LLC (“BNSINS”) in Raleigh, North Carolina. On March 16, 2016, the Department received notice from Erie Insurance (“Erie”) pursuant to N.C.G.S. § 58-33-56 that it intended to terminate Mr. Shafer’s appointment and its agreements with Mr. Shafer and BNSINS for cause effective June 10, 2016.

WHEREAS, Erie enclosed a copy of its March 4, 2016 termination notice to Mr. Shafer and BNSINS and a February 13, 2016 e-mail from Mr. Shafer to Kristopher Marrion, Vice President and Branch Manager of Erie’s Raleigh Claims Office. The termination notice indicated that Erie was terminating the agreements because Mr. Shafer admitted in his February 13, 2016 e-mail to Mr. Marrion that he signed an Erie Ultraflex application for Greenfield Transmission and submitted it to Erie without the authorization of Greenfield Transmission. By letter to the Department dated March 8, 2016, Mr. Shafer self-reported the incident in which he signed the application for Greenfield Transmission.



WHEREAS, the Department requested Mr. Shafer to provide an explanation of the circumstances leading to his termination for cause. Mr. Shafer explained that in May 2015, Mr. White and Mr. Shafer met with Greenfield Transmission to discuss workers compensation and garage and building insurance coverage. As a result of the meeting, BNSINS wrote policies for Greenfield Transmissions that were issued by Erie Insurance and NCJUA in June 2015. In December 2015, agent Jeffrey White informed him that Greenfield Transmission called him to report a December 11, 2015 breaking and entering of its garage resulting in damage to the garage door and theft of valuable tools and requested assistance in reporting the losses under existing insurance policies that Mr. Shafer and BNSINS wrote for Greenfield Transmission on June 26, 2015. Mr. Shafer admitted that on December 15, 2015, after speaking with Mr. White about Greenfield Transmission, he completed and backdated an Erie Ultraflex application for Greenfield Transmission for a December 1, 2015 effective date and did not disclose the existing loss on the application.

WHEREAS, Mr. Shafer alleges that after speaking with Mr. White about the reported loss, he checked the customer's file and mistakenly concluded that he had discussed and quoted the Ultraflex Policy when he met with Greenfield Transmission in 2015 and either forgot to get an Ultraflex policy or that Erie had mistakenly failed to issue an Ultraflex policy. Mr. Shafer further alleges that for this reason he decided to get the policy issued with an unsigned application, assuming that he would obtain the owner's signature later. The Ultraflex policy included coverage of up to \$25,000 for business personal property and was issued for the requested effective date of December 1, 2015.

WHEREAS, Erie called Mr. Shafer on January 13, 2016 to request the signed Ultraflex Application. Mr. Shafer admits that he then docusigned Keith Hales' name to the application believing that Mr. Hales was still the owner of Greenfield Transmission and with the intention of later obtaining Mr. Hales' actual signature on the application.

WHEREAS, Mr. Shafer alleges that a few days after he signed Keith Hales' name on the application and submitted it to Erie, he instructed Mr. White to go to Greenfield Transmission to get Mr. Hales' signature on the Ultraflex application. When Mr. White went to Greenfield Transmission, Mr. White learned that Kenny Gilchrest was the new owner of Greenfield Transmission and thus obtained Mr. Gilchrest's signature on the Ultraflex application.

WHEREAS, Mr. White was previously appointed with Erie, but was not appointed with Erie at the time that he met with Greenfield Transmission and presented the application to Kenny Gilchrest for his signature.

WHEREAS, Mr. Shafer alleges that he later learned that he had not discussed or quoted the Ultraflex policy with Greenfield Transmission in 2015 and that Greenfield Transmission never requested the policy. Accordingly, Greenfield Transmission requested that the Ultraflex policy be canceled and Erie canceled the policy.

WHEREAS, N.C.G.S. § 58-33-40(a) provides that “Except as provided in subsection (b) of this section, no individual who holds a valid insurance agent’s license 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, Mr. White violated N.C.G.S. § 58-33-40(a) when he presented the Erie Ultraflex application to Greenfield Transmission and obtained Kenny Gilchrist’s signature on that application.

WHEREAS, N.C.G.S. § 58-33-46(a)(8) authorizes the Commissioner to suspend, revoke, or refuse to renew any license issued under this Article if he finds the licensee “used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business.”

WHEREAS, Mr. Shafer readily admitted that he signed Keith Hales’ name on the Ultraflex application when confronted by Erie about this issue. Mr. Shafer admits that he was wrong to cause the Ultraflex policy to be issued without authorization of Greenfield Transmission, to backdate the effective date to a date preceding the date of loss, and to not disclose the prior loss on the application. Mr. Shafer further admits that he was wrong to sign Keith Hales’ name on the Ultraflex application and submit it to Erie when Erie requested the signed application and that he erred by allowing agent Jeffrey White to present the Erie application to Greenfield Transmission since Mr. White is not appointed with Erie.

WHEREAS, Mr. Shafer demonstrated incompetence and untrustworthiness in the conduct of business within the meaning of N.C.G.S. § 58-33-46(a)(8) by the foregoing conduct.

WHEREAS, Mr. Shafer promises and agrees that he shall not submit insurance applications to insurers without first obtaining the applicant’s signature on the application. Mr. Shafer has made improvements to his recordkeeping practices in order to insure that his discussions with customers’ regarding coverages at the time of application are documented in the customers’ files.

WHEREAS, Mr. Shafer promises and agrees that he will not permit another agent to solicit, negotiate, or otherwise act as an agent for an insurer unless that individual has been appointed with the insurer in compliance with N.C.G.S. § 58-33-40(a).

WHEREAS, Mr. Shafer has been licensed with the Department since 2007, during which time the Department has not received any complaints against him or taken any disciplinary action against him.

WHEREAS, pursuant to N.C. Gen. Stat. § 58-2-70(g), the North Carolina 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 issued by the Department, or as to any civil penalty or restitution.

WHEREAS, the Parties mutually wish to resolve this matter by consent before the Department

initiates an administrative hearing concerning this matter.

WHEREAS, the Parties have reached a mutually agreeable resolution of this matter 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 Mr. Shafer hereby agree to the following:

1. Immediately upon signing this Agreement, Mr. Shafer shall pay a civil penalty of **Two Thousand Five Hundred Dollars and No Cents (\$2500.00)** to the Department. 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. Shafer shall remit the civil penalty by certified mail, return receipt requested or by designated delivery service, signature required (attention: Joe Wall), to the Department along with the original of this Agreement bearing Agent's signature. The civil penalty and the signed Agreement must be received by the Department no later than August 5, 2017. 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. Mr. Shafer 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 him.
3. Mr. Shafer shall implement the corrective actions outlined in this Voluntary Settlement Agreement.
4. This Voluntary Settlement Agreement constitutes a complete settlement of all administrative penalties against Mr. Shafer 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 Mr. Shafer, or in any other complaints involving Mr. Shafer. In the event Mr. Shafer fails to comply with this Voluntary Settlement Agreement or otherwise fails to comply with the laws and regulations applicable to him, the Department may take any administrative or legal action it is authorized to take.
5. Mr. Shafer has read and understands this Agreement and agrees he shall abide by the terms and conditions stated herein.
6. The Parties agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Shafer understands that N.C. Gen. Stat. § 58-33-46(a)(2) provides that his Licenses may be revoked for violating an Order of the Commissioner and that violations of this Order and the insurance laws of this State may also constitute grounds to revoke Mr. Shafer's Licenses under other

provisions of N.C. Gen. Stat. § 58-33-46(a).

7. Mr. Shafer enters into this Agreement freely and voluntarily and with knowledge of Agent's rights under the provisions of N.C. Gen. Ch. 58 and Title 11 of the N.C. Admin. Code or any other applicable State law to dispute the examination findings in a manner other than by entering into this Agreement. Mr. Shafer has consulted with his attorney prior to entering into this Agreement.
8. This Agreement constitutes a complete settlement of all administrative penalties against Mr. Shafer for the acts, policies or practices expressly addressed in this Agreement. Except as to the acts, policies or practices expressly addressed herein, this Agreement does not in any way affect the Department's disciplinary power in any future examination of Agent or in any other complaints involving Agent. In the event that Agent fails to comply with this Agreement or otherwise fails to comply with the laws and rules applicable to Agent, the Department may take any administrative or legal action it is authorized to take.
9. This Agreement, when finalized, will be a public record and is not confidential. The Department 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. Following the execution of this Agreement, any and all licenses issued by the Department to Mr. Shafer shall reflect that Regulatory Action has been taken against him. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed a licensee.
10. Mr. Shafer understands and agrees that, if a state or federal regulator other than the Department has issued or will issue a permit or license to Mr. Shafer, that regulator may require Mr. Shafer to report this administrative action to it. Mr. Shafer understands and agrees that the Department cannot give Mr. Shafer legal advice as to the specific reporting requirements of other state or federal regulators.
11. If any provision or part of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement will not in any way be affected or impaired.
12. Failure of the Department at any time to require performance of any term condition or requirement in this Agreement shall not affect the rights of the Department at a later time to enforce the same or any other term, condition or requirement in this Agreement.
13. This Agreement shall become effective when signed by Mr. Shafer and the Department.

LICENSEE

[REDACTED]

Mark E. Shafer

Date: 8/1/17



NORTH CAROLINA DEPARTMENT OF INSURANCE

[REDACTED]

By:

Hasiye P. Harris
Senior Deputy Commissioner, PFP Group

Date: 8/10/17