

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

**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**IN THE MATTER OF
THE LICENSURE OF
MICHAEL C. TOLLEY
LICENSE NO. 0006567825**

**BEFORE THE COMMISSIONER
OF INSURANCE**

**VOLUNTARY SETTLEMENT
AGREEMENT**



NOW COME, Michael C. Tolley (hereinafter “Mr. Tolley”) and the North Carolina Department of Insurance (hereinafter “Department”), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter “this 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; and

WHEREAS, Mr. Tolley currently holds a resident producer’s license with authority for Life, Accident & Health or Sickness, Property and Casualty lines of insurance and Medicare Supplement Long-Term Care insurance and Broker licenses issued by the Department; and

WHEREAS, a Department routine examination was conducted by Department examiners on Alliance Insurance (“agency”) in Swannanoa, North Carolina initiated on February 18, 2019 and delayed until Mr. Tolley recovered from surgery and concluded on March 28, 2019, to verify that all agency employees are appropriately licensed, to audit the agency’s financials, and to randomly review files to verify proper underwriting; but because of the violations discovered thereat it was modified into a target examination; and

WHEREAS, N.C. Gen. Stat. § 58-33-46 (a) (8) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B 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; and

WHEREAS, from information obtained by the Department it appears that Mr. Tolley wrote a life insurance policy for Ms. Amber Silvers without her knowledge, signed Ms. Silvers’ name to the application, added a beneficiary unknown to Ms. Silver to the policy, and signed his mother’s name, Peggy Cronin, as the binding agent on the policy; and

WHEREAS, by signing Ms. Silvers’ name to an application for insurance without her knowledge or consent, Mr. Tolley exhibited and violated the fraudulent and dishonest practices prohibited by N.C. Gen. Stat. § 58-33-46 (a) (8) and a basis for suspension, revocation or non-renewal of licenses issued to him by the Department; and

WHEREAS, N.C. Department of Motor Vehicles (DMV) form DL-123 is used to notify DMV that the insured has at least the minimum amount of automobile liability insurance required to operate a vehicle registered in North Carolina; and

WHEREAS, Mr. Tolley issued DL-123 forms and failed to add inexperienced drivers to the automobile liability insurance policies causing the policies to be rated incorrectly; and

WHEREAS, by failing to add inexperienced drivers to the DL-123 forms Mr. Tolley exhibited and violated the fraudulent and dishonest practices and/or incompetence prohibited by N.C. Gen. Stat. § 58-33-46 (a) (8) and a basis for suspension, revocation or non-renewal of licenses issued to him by the Department; and

WHEREAS, N.C. Gen. Stat. § 58-33-46 (a) (10) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes, for forging another's name to an application for insurance or to any document related to an insurance transaction; and

WHEREAS, by signing Ms. Silvers' name to an application for insurance without her knowledge or consent, Mr. Tolley violated the provisions of N.C. Gen. Stat. § 58-33-46 (a) (10) and a basis for suspension, revocation or non-renewal of licenses issued to him by the Department; and

WHEREAS, N.C. Gen. Stat. § 58-33-40 (a) provides 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; and

WHEREAS, Mr. Tolley's appointment for representing Allstate Insurance terminated on May 3, 2017; however, the examiners determined that Mr. Tolley wrote/bound 543 policies after that date and prior to Allstate's severance of ties with the agency on December 31, 2018, a violation of N.C. Gen. Stat. § 58-33-40 (a) and a basis for suspension, revocation or non-renewal of licenses issued to him by the Department; 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. Tolley has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of himself, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against Mr. Tolley; and

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department 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. Tolley and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, Mr. Tolley shall pay a civil penalty of **\$5,000.00** 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. Tolley shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **July 29, 2020**. 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 Department's disciplinary power in any future examination of Mr. Tolley or in any other complaints involving Mr. Tolley.
3. Mr. Tolley 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. Tolley 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. Tolley understands that N.C.G.S. § 58-33-46(a)(2) and 58-71-80(a)(7) provide respectively that a producer'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 Department. Following the execution of this Agreement, all licenses issued by the Department to Mr. Tolley shall reflect that Regulatory Action has been taken against him. 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. The Department, upon request, routinely provides a copy of the voluntary settlement agreement 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 N. C. 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 N.C. Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

N. C. Department of Insurance



By: Michael C. Tolley
License No. 0006567825



By: Angela Hatchell
Deputy Commissioner

Date: 8-4-2020

Date: 8/10/2020