

Appellant indicated that he or his business had been involved in an administrative action since the last license renewal, and he provided supporting documentation of the action, including a letter of explanation, a Voluntary Settlement Agreement entered by the Appellant and the North Carolina Department of Insurance on April 10, 2014, and a copy of a check in the amount of \$33,800.00 submitted to the North Carolina Department of Insurance as payment of the civil penalty.¹

3. Due to the allegations contained in the Voluntary Settlement Agreement and the amount of the civil penalty, the Department's AHCD notified Appellant on September 19, 2014 that his renewal application was denied.

4. Following a written request for an administrative hearing to appeal the license renewal denial, the Department held a hearing on November 5, 2014, and Appellant appeared for the hearing with counsel and witnesses.

5. Angela Ford, Senior Deputy Commissioner for the North Carolina Department of Insurance, testified via telephone and explained the underlying facts that gave rise to the Voluntary Settlement Agreement with Appellant. Mrs. Ford explained that through a consumer complaint, her Department discovered that GoHealth, LLC and Time Insurance Company were contacting consumers in North Carolina through individuals who were not properly licensed. The Department corresponded with all entities and individuals involved and conducted informal conferences and meetings. Mrs. Ford testified that:

- a. The Department found evidence that Time Insurance Company and GoHealth, LLC had some knowledge that unlicensed individuals were selling or soliciting insurance business in North Carolina;

¹ Appellant notified the Department's Licensing Division of the administrative action by the North Carolina Department of Insurance in the time and manner required by Arkansas law.

- b. The Department did not find evidence that Appellant, specifically, was involved with the unlicensed individuals, and it discovered that the unlicensed individuals were working under two (2) other agents, who were working under GoHealth, LLC;
- c. The Department held Time Insurance Company ultimately responsible for the actions of any person who sold its products, and the Department held the agency, and, specifically, Appellant as its “Designated Responsible Producer,” responsible for not following through and making sure that anyone who is selling on behalf of the agency is properly licensed;
- d. As a result of its findings, the Department offered GoHealth, LLC and Appellant, as its “Designated Responsible Producer,” a voluntary settlement agreement in which it would agree to pay a civil penalty.

6. Bradley Burd, General Counsel for GoHealth, LLC, also testified at the hearing and explained the sub-agent arrangement the agency had with other licensed agencies. Mr. Burd explained that GoHealth, LLC acted as a master general agent, and one of its subagents in California, Zoom Health, employed agents who were not properly licensed in the states in which they were selling or soliciting insurance. After becoming aware of the misconduct, GoHealth, LLC implemented new policies and procedures to ensure that its subagents are properly licensed, and the agency audits agent licenses on a quarterly basis. GoHealth, LLC submitted the new policies and procedures to several state insurance departments for review, and it discussed the plan with the North Carolina Department of Insurance. Due to the cost of the investigation by the North Carolina Department and its potential vicarious liability, GoHealth, LLC chose to enter a voluntary settlement agreement with the Department to resolve the matter.

7. During Appellant's testimony at the hearing, he explained that he had no knowledge of the conduct of Zoom Health's agents until the investigation by the North Carolina Department of Insurance. Appellant stated that GoHealth, LLC cooperated with the Department's investigation and immediately put in place a post-incident remediation plan to ensure the misconduct would not happen again. Appellant explained that GoHealth, LLC audits its subagents licenses on a quarterly basis, and the agency's technology does not permit an unlicensed person to log-in to the system to transact insurance business. Appellant further explained that his license is and has been in good standing in all states where he is licensed, and he had not previously been involved in any administrative action by an insurance regulator.

CONCLUSIONS OF LAW

8. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Arkansas Code Annotated § 23-61-103.

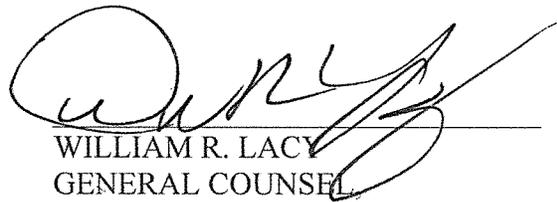
9. Arkansas Code Annotated § 23-64-512 permits the Commissioner to refuse an insurance producer's license renewal if the producer violates a law or regulation of this or another state, knowingly accepts insurance business from an individual who is not licensed, and/or uses fraudulent, coercive, or dishonest practices or demonstrates incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility.

10. The testimony at the hearing established that Appellant was not directly aware that GoHealth, LLC's subagents were permitting unlicensed individuals to sell or solicit insurance business without a license, Appellant implemented policies and procedures to ensure that licensing of the subagents is verified and monitored regularly, and Appellant cooperated with the North Carolina Department of Insurance's investigation into the underlying consumer complaint and final resolution of the case.

11. Based upon the evidence before the Hearing Officer, Appellant fulfilled his burden of showing that the Department should reverse its decision and grant the renewal of his Exchange Producer License.

RECOMMENDATIONS OF THE HEARING OFFICER

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before him, the Hearing Officer recommends that the Department's denial of the Appellant's application to renew his Exchange Producer License be reversed, and Appellant be promptly granted renewal of his license.



WILLIAM R. LACY
GENERAL COUNSEL
DEPUTY COMMISSIONER and
HEARING OFFICER

CERTIFICATION

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer were made by and under my authority and supervision by William R. Lacy, General Counsel, Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

THEREFORE, it is hereby ORDERED that the Appellant's application to renew his Exchange Producer License is hereby granted.

IT IS SO ORDERED THIS 4th DAY OF December, 2014.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS