STATE OF NORTH DAKOTA

BEFORE THE INSURANCE COMMISSIONER

In the Matter of	)	
	)	
Michael Meagher,	)	**CONSENT ORDER**
NPN 574476,	)	
	)	**CASE NO. AG-16-623**
Respondent.	)	

TO: Michael Meagher, 2956 Southgate Drive, Fargo, ND 58103

Insurance Commissioner Adam Hamm ("Commissioner") has determined as follows:

1. As a result of information obtained by the North Dakota Insurance Department ("Department") regarding the conduct of Michael Meagher, NPN 574476 ("Respondent"), an individual who has at all relevant times hereto held a North Dakota resident insurance producer license, the Commissioner has considered scheduling a formal hearing to determine whether Respondent's conduct as alleged constitutes a basis for imposition of a civil penalty or any other action the Commissioner deems necessary. As more fully described below, Respondent's conduct is alleged to be in violation of N.D.C.C. §§ 26.1-26-15 and 26.1-26-42(6).

2. An investigation conducted by Department personnel revealed that:

   a. In December or early January of 2015, Respondent presented an insurance liability contract to a customer. On or about that same date Respondent accepted $1,003 cash from the customer as premium payment for the proposed liability contract. As of

December 2015, Respondent neither placed the liability contract with the insurer nor refunded the customer's $1,003. In an email dated March 7, 2016 (see attached email), and in response to the Department's January 20, 2016, letter (see attached letter) Respondent admitted to failing to place the liability insurance and failing to timely returning the customer's $1,003.

b. Between January 2008 and December 2015 the North Dakota Insurance Department was contacted at least five times regarding Respondent's customer service practices. Among other things, these customer service contacts concerned the Respondent's failure to remove vehicles from policies when requested and failure to return customer phone calls.

c. In October 2003, by a letter of agreement (see attached letter of agreement), Respondent agreed to undertake specific actions and responsibilities concerning his and his agency's insurance business practices, such as:

> 11. You will continue to return telephone calls and respond to messages promptly (within 24 hours).
>
> 12. You will continue to log incoming telephone calls and will advise your staff to note any customer dissatisfaction or concerns.
>
> 13. The weekly discussion with your support staff will include a review of any files in which action is delinquent.

3. Respondent's conduct is in violation of the October 2003 agreement with the Department and N.D.C.C. §§ 26.1-26-15 and 26.1-26-42(6).

4. N.D.C.C. § 26.1-26-15 states:

> An applicant for any license under this chapter must be deemed by the Commissioner to be competent, trustworthy, financially responsible, and of good personal and business reputation.

5. N.D.C.C. § 26.1-26-42 states, in relevant part:

> The commissioner may suspend, revoke, place on probation, or refuse to continue or refuse to issue any license issued under this chapter if, after notice to the licensee and hearing, the commissioner finds as to the licensee any of the following conditions:
>
> 6. In the conduct of affairs under the license, the licensee has used fraudulent, coercive, or dishonest practices, or has shown oneself to be incompetent, untrustworthy, or financially irresponsible.

6. Respondent acknowledges that at the time of signing the Consent to Entry of Order, he was aware of or had been advised of his rights to a hearing in this matter, to consult an attorney, to present argument to the Commissioner, to appeal from any adverse determination after a hearing, and Respondent expressly waives those rights.

7. Respondent has agreed to an informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

8. There are no covenants, promises, undertakings, or understandings other than as specifically set forth in this Order.

9. Respondent consents to the Commissioner's continuing jurisdiction over him regarding this matter and any issues which may subsequently arise related to Respondent's activities.

10. For purposes of resolving this matter, without further administrative proceedings, Respondent and the Commissioner have agreed to entry of the following Order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent agrees to issuance by the Commissioner of a conditional license for a period of 60 months, and after expiration of 60 months the license will remain conditional for 61 days to allow the Department to determine whether Respondent completed probation successfully or to allow the Department to enforce any violation of this agreement that occurred during the 60-month probationary period. After the aforementioned time period has expired, the license will become unrestricted if no enforcement action has been initiated.

2. Respondent agrees, during the 60-month conditional license period and 61-day review period allowed under paragraph 1, the Department may revoke, suspend, or take such further action as may be deemed necessary against Respondent's insurance license without notice of hearing, the issuance of a Complaint, or opportunity to appeal, if the Department, in its sole discretion, receives credible information and the Commissioner determines the Respondent has violated any of the terms of this Order.

3. Respondent further agrees that any action taken by the Department under the terms of this Order is not appealable and by signing this Order hereby waives any right Respondent may have to appeal any action taken by the Department under the terms of this Order.

4. Within 20 days of the effective date of this Order, Respondent agrees to pay a fine in the amount of $1,000 payable by money order, cashier's check, or credit card to the North Dakota Insurance Department.

5. Within 30 days of the effective date of this Order, Respondent agrees to retroactively, from the effective date of this Order and back to January 1, 2015, disclose to the Department in writing any contact Respondent or Respondent's agency, Far

North Insurance, Inc., had from any dissatisfied customers.

6. Respondent agrees that beginning on the effective date of this Order and throughout the term of his conditional license, Respondent will create a written log of any contact Respondent or Respondent's agency, Far North Insurance, Inc., has with any dissatisfied customer, and Respondent shall provide a copy of the log to the Department on the first day of each month. Respondent further agrees that the log shall include: the date of the contact by the dissatisfied customer, the reason the customer is dissatisfied, and how the matter was resolved.

7. The use of this Consent Order for competitive purposes by an insurance agent or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

8. The Department will not take further action against Respondent's insurance license on the sole basis of other regulatory or civil action alone that may arise out of the same specific facts as outlined in the current Consent Order. Respondent understands and agrees that nothing in this Consent Order prevents the Department from taking action on new information that comes to the attention of the Department in the future.

DATED at Bismarck, North Dakota, this 5th day of May, 2016.

Adam Hamm
Insurance Commissioner
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, **Michael Meagher,** states that he has read the foregoing Consent Order, that he knows and fully understands its contents and effect; that he has been advised of his right to a hearing in this matter, his right to be represented by legal counsel, his right to present evidence and arguments to the Commissioner, and his right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he waives those rights in their entirety, and consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either expressed or implied.

DATED this 28th day of April, 2016.

Michael Meagher

Subscribed and sworn to before me this 28th day of April, 2016.

Notary Public

State of North Dakota
County of Cass

My commission expires:

TOM SCHEID
Notary Public
State of North Dakota
My Commission Expires Mar. 2, 2022

Palsgraaf, Johnny N.

From: Michael Meagher <mike@farnorthinsurance.com>
Sent: Monday, March 07, 2016 12:45 PM
To: Palsgraaf, Johnny N.
Subject: Re: Christopher (Joe) Hesse
Attachments: scan0025.pdf; scan0022.pdf; scan0024.pdf

This is in response to your request for information regarding Christopher (Joe) Hesse dba Good Guys Auto.

Question 1. The first attachment are the notes regarding phone calls from Mr. Hesse. I believe there were other phone calls from him when I was in the office and there would have been no message.

Question 2. There are no logs of calls to Mr. Hesse.

Question 3. There was no correspondence sent to Mr. Hesse. The quote was delivered in person on January 5, 2015.

Question 4. The second scan is the proposal prepared on December 30, 2014, using Auto Owners Insurance.

Question 5. I met with Joe and his partner on the evening of January 5th, 2015 and presented a proposal and an explanation of the Garagekeepers options.

They agreed to the coverages I recommended and gave me a cash payment of $1,003 which was credited to their account by the receipt dated January 6, 2015. I also obtained the driver license numbers and ran those requests on the 6th.

Jeffrey Howell had a Serious Speeding ticket and I contacted the field representative for Auto Owners who then stopped by my office later that week to discuss this account. I explained that Jeffrey worked full time for O.K Tire which is also insured with Auto Owners through another agency. Since they were already insuring him for test driving customers cars, I hoped the violation would not be a problem.

He advised that the ticket was not the problem but the business was not eligible because it was a part time business and Auto Owners was no longer insuring part time businesses. This was a change in the underwriting that I was not aware of when I quoted this business. He stated that it could be appealed to upper management but he was not very hopeful.

Question 6. This should have been done immediately and I have no excuse for this not being done.

Question 7. I did visit with him but at that time I was still hoping that Auto Owners. would still insure this account.

Question 8. I don't have any record of a call from Mr. Hesse in mid 2015. If he says he

called I believe him, I just don't have any record of a call.

Question 9. I do recall Joe called and said that he needed a Certificate of Insurance to renew his license with the State. I told him I would get it for him but after we visited I could not find a policy in our system. I remember being a little puzzled and that I needed to look into this. Before I could do so I was contacted by Kathy Wolf and found that coverage was not in place.

Mike Meagher

On Tue, Feb 23, 2016 at 3:57 PM, Palsgraaf, Johnny N. <jpalsgraaf@nd.gov> wrote:

Mr. Meagher,

I apologize for not being able to response sooner. I was also out of the state until recently. Under these circumstances I am willing to grant you an extension for your written response. Have your complete written response to me by March 7, 2016.

I do not think an in person meeting is appropriate or necessary. The Department routinely requires a written response to inquiry letters. I would be willing to do a short phone call if you have any general questions regarding your written response. Please supply a few proposed alternate dates and times for a call.

Sincerely,

Johannes (Johnny) Palsgraaf

Legal Counsel

North Dakota Insurance Department

600 East Boulevard Avenue

State Capitol - Fifth Floor

Bismarck, ND 58505

Ph. (701) 328-2577

Fax (701) 328-4880

jpalsgraaf@nd.gov

Confidentiality Notice: This communication and any attachments are for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, distribution or copying is prohibited. If you are not the intended recipient(s), please contact the sender by replying to this e-mail and destroy/delete all copies of this e-mail message.

From: Michael Meagher [mailto:mike@farnorthinsurance.com]
Sent: Wednesday, February 17, 2016 12:27 PM
To: Palsgraaf, Johnny N.
Subject: Christopher (Joe) Hesse

Johannes, I have been in Texas since February 5th and just returned to Fargo late last night. I was arranging for short and long term memory care for my uncle in the event that his long time companion/caregiver ends up back in the hospital.

I am working on the reply to the questions in your letter of January 20th but I was wondering if t would be possible to meet in person to discuss this matter. I do have business in Bismarck on February 26 if you are available.

Thank you.

Mike Meagher

North Dakota
Insurance Department
Adam Hamm, Commissioner

January 20, 2016

Mr. Michael Meagher
2956 Southgate Drive
Fargo, ND 58103

RE: Christopher (Joe) Hesse

Dear Mr. Meagher:

I am writing you in regard to a matter forwarded to me by the North Dakota Insurance Department's Consumer Assistance Division. Recently the Consumer Assistance Division assisted one of your clients, Christopher (Joe) Hesse, in facilitating the return of $1,003 in premium. Based on a review of the file, there are additional issues that must be addressed.

It appears that in 2014 you presented an Auto-Owners garage keepers insurance proposal to Christopher (Joe) Hesse and Jeff Howell. At that time you accepted $1,003 cash for the policy premium. The policy was to go into effect at the beginning of 2015.

In the beginning of 2015, Mr. Hesse called your office on multiple occasions regarding the status of the garage keepers insurance policy. By the middle part of 2015, Mr. Hesse left voice messages at your office and with your secretary regarding the status of the garage keepers insurance policy. Up to that point in time, Mr. Hesse never received a status update regarding the garage keepers insurance policy.

Finally, in December of 2015 you spoke with Mr. Hesse by phone. Mr. Hesse informed you that he never received a copy of his garage keepers insurance policy. It was not until approximately December 24, 2015, after the Insurance Department became involved, that you informed Mr. Hesse you were unable to place his coverage with Auto-Owners.

In an effort to assist the Department in better understanding this matter, please provide:

1. A log of all phone calls you or your agency received from Mr. Hesse and any accompanying notes.

2. A log of all phone calls you or your agency made to Mr. Hesse and any accompanying notes.

3. A copy of all correspondence sent by you or your agency to Mr. Hesse.

4. A copy of all documents that support your or your agency's efforts to place Mr. Hesse's insurance.

5. A complete explanation of all your or your agency's efforts to place Mr. Hesse's insurance.

6. A complete explanation as to why you did not return Mr. Hesse's $1,003 premium payment immediately after you were informed that Auto-Owners would not provide the requested insurance.

7. A complete explanation as to why you did not provide Mr. Hesse a status update in early 2015.

8. A complete explanation as to why you did not provide Mr. Hesse a status update in mid 2015.

9. A complete explanation as to why you did not provide Mr. Hesse a status update in December of 2015, prior to the Insurance Department becoming involved in this matter.

10. A copy of any other documents that support your response to this letter of request.

I appreciate your cooperation in this matter. I will anticipate your response within 20 days of your receipt of this letter as required by N.D.C.C. § 26.1-26-42(14). This request for information and records is made pursuant to N.D.C.C. § 26.1-26-48.

If you have questions, please call me at (701) 328-2440 or email jpalsgraaf@nd.gov.

Sincerely,

Johannes N. Palsgraaf
Legal Counsel

JNP/njb

DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

Jim Poolman
Commissioner of Insurance

October 23, 2003

Mr. Mike Meagher
Far North Insurance Agency
P.O. Box 9159
Fargo, ND 58106-9159

Dear Mike:

This letter will confirm the result of our recent meeting with Commissioner Poolman.

As was noted in the meeting, the Commissioner is concerned about the business practices in your office, particularly with respect to customer service. The Commissioner noted that it would be inexcusable if one of your customers suffers a loss and discovers that your office did not place the insurance that was requested.

The Commissioner is particularly concerned that you and Far North Insurance, Inc. no longer have errors and omissions insurance.

You acknowledged that September was a difficult month in your office because of staff turnovers. You indicate, however, that you have now hired replacement employees and that those employees are able to service your customers in a timely manner.

You also indicated that you have not been able to attend fully to the business needs of your office because of health problems, but that you are now being treated for diabetes and will be evaluated for sleep apnea. You indicated that you are have more energy than in the past and that you are now better able to tend to the needs of your customers.

The Commissioner indicated that he was pleased that you have been able to hire replacement staff and that your medical needs are being treated so that your office functions can return to normal.

The Commissioner, however, noted that it will be necessary to revisit your office within the next 30 days to check on the status of your office and that it is necessary that we update our earlier letter agreement.

It was also noted and agreed upon that administrative action may be necessary if the requirements stated in this letter are not met.

Accordingly, we ask that you commit to the following:

1. You will continue to secure written applications and other documentation necessary for Auto Owners and any of your other appointed companies to write policies for those whose insurance will be placed with those companies. The placement of these clients must be of the highest priority.

2. You will continue to commit extra time and effort to bring yourself current with your policyholders and with Auto Owners and with any other companies with which you are placing business. We expect that your business hours will be standard business hours so that you can adequately respond to customers needs.

3. You will continue to act promptly on pending claims that are outstanding and will continue to notify the insurer of the claim within 24 hours of receipt of notice of the claims.

4. You will continue to review your existing files in your office and close dead files. For files in which action is requested, you will promptly follow up on the issues pending.

5. You will review the files in your office rather than at home and will dedicate extra hours, if necessary, to complete your review of the files in your office.

6. You will complete the review of the files in your office within 60 days of the date of this letter.

7. You will maintain a daily log of the existing files that you have reviewed on each day, identifying the file and the disposition of the file, e.g., whether the file was closed and archived, or whether action was necessary and a description of the action needed.

8. You will separate the closed files from the active files and remove the closed files from your office.

9. You will remove files from the working area of your desk so that you have a reasonable space upon which to work.

10. You will continue to return telephone calls and respond to messages promptly (within 24 hours).

11. You will continue to log incoming telephone calls and will advise your staff to note any customer dissatisfaction or concerns.

12. You will meet weekly with your support staff to discuss any customer complaints or concerns that has been presented to the office.

13. The weekly discussion with your support staff will include a review of any files in which action is delinquent.

14. You will prepare a written short summary of each weekly meeting with your staff.

15. You will actively pursue errors and omissions insurance for your office with a goal of securing such insurance within 30 days of the date of this letter.

16. You will participate in telephone calls scheduled by the Department to update the Department with status of these requests.

17. You will advise the Department in advance of any planned absences of more than one day from the office.

Thank you for taking time to meet with us and the Commissioner. The Commissioner appreciates your acknowledgement that these issues exist.

The above requirements may seem burdensome, but the Commissioner believes that the requirements are necessary to immediately address the customer service issues and the lack of errors and omissions insurance.

Please acknowledge your consent to these requirements by signing the extra copy of this letter and returning it to the Department in the enclosed self-addressed stamped envelope.

We look forward to working though these issues with you. Proper resolution is in the best interest of all parties, most of all your customers.

Please call if you have any questions.

Sincerely,

Charles E. Johnson
Special Assistant Attorney General
General Counsel
N.D. Insurance Department

Laurie A. Wolf
Director of Licensing and Investigations
N.D. Insurance Department

CEJ/LW/njb
Enclosure
cc: Jim Poolman

I agree to the terms and conditions set out in this letter.

DATED this 31st day of October, 2003.

Mike Meagher