STATE OF NORTH DAKOTA

BEFORE THE INSURANCE COMMISSIONER

In the Matter of	)	
	)	
Chad W. Friese,	)	**CONSENT ORDER**
NPN 16672774, and	)	
Kent M. Olson,	)	**CASE NO. AG-15-587**
NPN 5741937	)	
Respondents.	)	
	)	

TO: Chad W. Friese, 2175 29th Avenue NE, Harvey, ND 58341
Kent M. Olson, 313 Burke Avenue, Harvey, ND 58341

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 Chad W. Friese, NPN 16672774, an individual who has at all relevant times hereto held a North Dakota resident conditional insurance producer license, and Kent M. Olson, NPN 5741937, an individual who has at all relevant times hereto held a North Dakota resident insurance producer license, the Commissioner has considered initiating administrative proceedings regarding Respondent's conduct as alleged below and regarding the imposition of a civil penalty or any other action the Commissioner deems necessary. Respondent Friese's conduct is alleged to be in violation of N.D.C.C. § 26.1-25-16, and Respondent Olson's conduct is alleged to be in violation of N.D.C.C. § 26.1-26-13.3.

2. N.D.C.C. § 26.1-25-16 states:

26.1-25-16. Rebates prohibited - Exception.

1. No insurance producer may knowingly charge, demand, or receive a premium for any insurance policy except in accordance with this chapter. No insurer or employee of an insurer, and no broker or agent may pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy, or any special favor or advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement whatever, not specified in the insurance policy, except to the extent provided for in applicable filing. No insured named in an insurance policy, nor any employee of the insured, may knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit, or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. This section does not prohibit the payment of commissions or other compensation to licensed insurance producers, nor any insurer from allowing or returning to its participating policyholders, members, or subscribers dividends, savings, or unabsorbed premium deposits. As used in this section, "insurance" includes suretyship and "policy" includes bond.

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of fifty dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or

car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. **An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance.** Notwithstanding the limitation in this subsection, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance. (emphasis added)

3. N.D.C.C. § 26.1-26-13.3 states in relevant part:

26.1-26-13.3. Application for license.

. . .

4. A business entity acting as an insurance producer must obtain an insurance producer license. Application must be made using the uniform business entity application. Before approving the application, the commissioner must find that:

. . .

b. The business entity has designated a licensed individual principal insurance producer responsible for the business entity's compliance with the insurance laws, rules, and regulations of this state;

4. The Commissioner has come into information that HIA, LLC, dba NuLine Insurance Services, located in Harvey, North Dakota, ran an ad in the Harvey newspaper saying "In celebration of Fire Prevention Week, NuLine will give $100 towards the new Harvey Fire Truck for every new insured property quote in October 2015."

5. Department staff contacted the number listed on the ad and spoke with Respondent Friese, an employee of NuLine Insurance Services. Friese informed the Department he made the decision to run the advertisement for the fire truck donation. Friese reported his agency had not received any responses to the advertisement.

6. Respondent Friese was issued a three-year conditional insurance producer license by the Department on June 24, 2013. The conditional portion of this license was set to expire on June 24, 2016.

7. Respondent Olson is designated by NuLine Insurance Services as its Designated Responsible Licensed Professional ("DRLP"). Pursuant to N.D.C.C. § 26.1-26-13.3(2)(b), as the DRLP for NuLine Insurance Services, Respondent Olson is responsible for ensuring NuLine's compliance with North Dakota's insurance laws, rules, and regulations.

8. As NuLine Insurance Services ran the advertisement described in paragraph 4 above in violation of North Dakota law, Respondent Olson as DRLP for NuLine Insurance Services has failed to ensure NuLine Insurance Service's compliance with state law as required by N.D.C.C. § 26.1-26-13.3(2)(b).

9. Respondents have agreed to informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22. For purposes of resolving this matter, without further administrative proceedings, Respondents and the Commissioner have agreed to enter into the following Order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent Chad W. Friese, NPN 16672774, agrees to the extension of all of the provisions of his conditional license issued by the Department on June 24,

2013, for a period of one additional year from June 24, 2016, making his insurance producer license a conditional insurance producer license until June 24, 2017.

2. Respondent Chad W. Friese, NPN 16672774, agrees to pay a fine of $1,500 payable by money order, cashier's check, or credit card to the North Dakota Insurance Department within 30 business days of the effective date of this Order.

3. Respondent Kent M. Olson, NPN 5741937, agrees to pay a fine of $500 payable by money order, cashier's check, or credit card to the North Dakota Insurance Department within 30 business days of the effective date of this Order.

4. 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.

DATED at Bismarck, North Dakota, this 20th day of January, 2016.

Adam Hamm
Insurance Commissioner
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, **Chad W. Friese,** 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 14 day of January, 2016.

Chad W. Friese

Subscribed and sworn to before me
this 14th day of January, 2016.
Charlotte Goldade
Notary Public
State of North Dakota
County of Wells

My commission expires:

CHARLOTTE GOLDADE
Notary Public
State of North Dakota
My Commission Expires Jan. 11, 2020

CONSENT TO ENTRY OF ORDER

The undersigned, **Kent M. Olson,** 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 5th day of January, 2016.

Kent M. Olson

Subscribed and sworn to before me

this 5th day of January, 2016.

Charlotte Goldade

Notary Public

State of North Dakota

County of Wells

My commission expires: 1-11-2020

CHARLOTTE GOLDADE
Notary Public
State of North Dakota
My Commission Expires Jan. 11, 2020