

herein. Should this Agreed Order not be accepted by the Commissioner, it is agreed that presentation to, and consideration of this Agreed Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

4. The Respondent fully understands that this Agreed Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts and/or omissions not specifically addressed in this Agreed Order, nor for facts and/or omissions that do not arise from the facts or transactions herein.

5. The Respondent fully understands that this Agreed Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Agreed Order, violations of law under statutes, rules, or regulations of the State of Tennessee that arise out of the facts, acts, or omissions contained in this Agreed Order, or acts or omissions addressed specifically herein that result from the execution of this Agreed Order.

6. The Respondent waives all further procedural steps and all rights to seek judicial review of, or otherwise challenge the validity of this Agreed Order, the stipulations and imposition of discipline contained herein, or the consideration and entry and execution of this Agreed Order by the Commissioner.

AUTHORITY AND JURISDICTION

7. The Commissioner has jurisdiction of this action pursuant to the Tennessee insurance law, Title 56 of the Tennessee Code Annotated (“Tenn. Code Ann.”), specifically Tenn. Code Ann. §§ 56-1-103 and 56-6-112 (the “Law”). The Insurance Division is the lawful agent through which the Commissioner discharges this responsibility.

PARTIES

8. The Commissioner administers the Law through the Insurance Division and authorizes the Insurance Division to bring this action for the protection of the public.

9. The Respondent is a Tennessee resident holding insurance producer license number 325301, which became active on or about March 16, 1978, and expires on April 30, 2027. Respondent's National Producer License number is 1275870.

FINDINGS OF FACT

10. On or about August 1, 2022, the Financial Services Investigation Unit (“FSIU”) received a complaint filed against the Respondent. Khadra Jama and Gubella Hussein (“Complainants”), alleged that the Respondent misappropriated insurance premium payments and misrepresented the existence of the Complainants’ homeowners insurance policy with National Lloyds Insurance Company (“National Lloyds”).

11. As a result, Inquisitorial Order number 22-053 was issued on September 22, 2022.

12. In March 2015, the Complainants purchased their home at 3991 Glendale Drive, Memphis, TN 38128. The Respondent, who served as the real estate agent, lender, and insurance broker, structured the transaction.

13. On or about March 16, 2015, the Respondent purchased a homeowners insurance policy for the Complainants. That policy was canceled on May 21, 2015, after an inspection, apparently because the swimming pool was in disrepair. The cancellation notice reflects “Underwriting, no reply regarding pool issues.”

14. On July 29, 2015, about two months after the cancellation of the first policy, the Respondent purchased a second homeowners insurance policy for 3991 Glendale Drive from National Lloyds. This policy continued for one year, until July 29, 2016, at which time it lapsed

for non-renewal. Ms. Jama and Ms. Hussien received notice that insurance policy lapsed but they continued to pay Mr. Lam \$202.99 each month for insurance.

15. On September 13, 2016, after 3991 Glendale Drive was uninsured for about two months, the Respondent purchased another policy from National Lloyds. This new policy was effective until September 13, 2017, at which time he renewed it for one additional year.

16. On September 13, 2018, the last homeowners insurance policy for 3991 Glendale Drive expired, leaving the property uninsured. Ms. Jama and Ms. Hussien continued to make their monthly payments.

17. As late as February 4, 2022, one day *after* the loss, the Respondent issued a receipt explicitly marked: “*For payment of Feb 2022: \$202.99 escrow for insurance.*”

18. On August 16, 2022, National Lloyds informed FSIU that it last issued a homeowners insurance policy to Ms. Hussein that went into effect on September 14, 2017, and expired on September 13, 2018.

19. Subsequently, the Respondent satisfied the remaining balance of the mortgage on Ms. Jama and Ms. Hussein’s residence and covered the full cost of the repairs to the property.

20. As a result of poor documentation, the Respondent continued to accept insurance premiums on a policy that had lapsed.

CONCLUSIONS OF LAW

21. At all times relevant hereto, Tenn. Code Ann. § 56-6-112 has provided that:

- (a) The [C]ommissioner may place on probation, suspend, revoke or refuse to issue or renew a license issued under this part or may levy a civil penalty in accordance with this section or take any combination of those actions, for any one (1) or more of the following causes:

...

- (4) improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business[.]

...

- (8) using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere[.]

...

- (e) The [C]ommissioner shall retain the authority to enforce this part and impose any penalty or remedy authorized by this part and this title against any person who is under investigation for or charged with a violation of this part or this title, even if the person's license has been surrendered or has lapsed by operation of law.

...

- (g) If . . . the [C]ommissioner finds that any person required to be licensed, permitted, or authorized by the division of insurance pursuant to this chapter has violated any statute, rule or order, the [C]ommissioner may, at the [C]ommissioner's discretion, order:

- (1) The person to cease and desist from engaging in the act or practice giving rise to the violation;
- (2) Payment of a monetary penalty of not more than one thousand dollars (\$1,000) for each violation, but not to exceed an aggregate penalty of one hundred thousand dollars (\$100,000). This subdivision (g)(2) shall not apply where a statute or rule specifically provides for other civil penalties for the violation. For purposes of this subdivision (g)(2), each day of continued violation shall constitute a separate violation; and
- (3) The suspension or revocation of the person's license.

- (h) In determining the amount of penalty to assess under this section, the [C]ommissioner shall consider:

- (1) Whether the person could reasonably have interpreted such person's actions to be in compliance with the obligations required by a statute, rule or order;

- (2) Whether the amount imposed will be a substantial economic deterrent to the violator;
- (3) The circumstances leading to the violation;
- (4) The severity of the violation and the risk of harm to the public;
- (5) The economic benefits gained by the violator as a result of noncompliance;
- (6) The interest of the public; and
- (7) The person's efforts to cure the violation.

22. In withholding insurance policy premium payments received from Ms. Jama and Ms. Hussein, the Respondent violated Tenn. Code Ann. § 56-6-112(a)(4).

23. In failing to remit policy premium payments to the insurer, the Respondent violated Tenn. Code Ann. § 56-6-112(a)(8).

ORDER

NOW, THEREFORE, based on the foregoing, including the Respondent's waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that the Respondent, for the purpose of settling this matter, admits the Findings of Fact and agrees to the entry and execution of this Order.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 56-6-112 that:

1. The Respondent shall **PAY A CIVIL PENALTY** to the State of Tennessee of ten thousand dollars (\$10,000). The payment of such civil penalty shall be made by check payable to the "Tennessee Department of Commerce and Insurance." Page one (1) of this Agreed Order must accompany the payment for reference. Payment shall be remitted within thirty (30) days after the

entry and execution of this Agreed Order, as evidenced by the Commissioner's signature, and mailed to the attention of:

Tennessee Department of Commerce and Insurance
Legal Division
Attn: Lovemore N. Gororo
500 James Robertson Parkway
Davy Crockett Tower
Nashville, TN 37243

2. The Respondent's Tennessee resident property and casualty insurance producer license, number 325301, is placed on **PROBATION** for a period of sixty (60) months. The Commissioner may remove the Respondent's resident insurance producer license from probation at his discretion.

3. The Respondent shall meet with the Commissioner's designee every three (3) months and produce for inspection any and all documents, including bank statements, ledgers, and quotes from any new property and casualty insurance policies.

4. The Respondent shall **PAY** the costs of this cause (including the costs of the Administrative Procedures Division and mediation), up to five thousand dollars (\$5,000), pursuant to Tenn. Code Ann. § 56-1-110(b).

5. **IT IS FURTHER ORDERED** that this Agreed Order represents the complete and final resolution and discharge of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondent for violations of the Act with respect to the transactions described in the Findings of Fact. However, excluded from this paragraph are any claims by the Division arising from or relating to the enforcement of the provisions of this Agreed Order.

6. This Agreed Order is in the public interest and in the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only.

By the signatures affixed below, whether in one or more counterparts, the Respondent affirmatively states the following: the Respondent freely agreed to the entry and execution of this Agreed Order; the Respondent waives the right to a hearing or review of the matters, Findings of Fact, and Conclusions of Law underlying this Agreed Order or its enforcement; and the Respondent encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

7. By signing this Agreed Order, the Commissioner, the Division, and the Respondent affirmatively state their agreement to be bound by its terms and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Agreed Order, are binding upon them.

8. This Agreed Order may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document. Facsimile, email, or other electronically delivered signatures shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED ____, _____, 2026.

Carter Lawrence, Commissioner
Department of Commerce and Insurance

K.C. Lam
Respondent

Scott McNally
Assistant Commissioner for Insurance
Department of Commerce and Insurance

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