

**STATE OF NORTH DAKOTA**  
**BEFORE THE INSURANCE COMMISSIONER**

In the Matter of

Morgan Lies,  
NPN# 5740003,

Respondent.

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**CONSENT ORDER**  
**CASE NO. AG-22-853**

**TO: Morgan Lies, 18 9th Street N., New Rockford, North Dakota 58356**

Insurance Commissioner Jon Godfread ("Commissioner") has determined as follows:

1. As a result of information obtained by the North Dakota Insurance Department ("Department") regarding the conduct of resident insurance producer Morgan Lies, NPN# 5740003 ("Respondent"), the Commissioner has considered scheduling a formal hearing to determine whether Respondent's conduct as alleged constitutes a basis for the 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. ch. 26.1-26.

2. Specifically, N.D.C.C. § 26.1-26-42(6) states, in part:

**26.1-26-42. License suspension, revocation, or refusal – Grounds.** 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.

3. Respondent has been licensed as a resident insurance producer in North Dakota since February 16, 1996.

4. On or about June 14, 2020, Respondent assisted a consumer in the procurement of homeowners insurance on the latter's primary residence. Relying on the Respondent's expertise, the consumer ultimately obtained coverage for his primary residence, a 1979 bi-level single-family home, which contained an attached garage. In square feet, the main level of the residence totaled 1,288, which included the entryway foyer, and the lower level totaled 1,104, for a total of 2,392.

5. Based on the Respondent's review of the home, although the residence's total square footage measured at 2,392, he indicated in the consumer's insurance application that the home's finished floor area square footage measured at 1,468, which in turn influenced the amount of insurance coverage that was provided to the consumer.

6. More specifically, Respondent inserted 1,468 square feet into the insurance company's finished living area calculator to determine the amount of the consumer's coverage. The company's calculator takes into account the home's build year, construction type, number of stories, style designation, and the total living area, which can be reduced by a percentage of the lower level that may be unfinished at the time the calculation is completed.

7. After the Respondent inserted 1,468 square feet and other relevant information about the home, into the finished living area calculator, the insurance company provided the consumer with a coverage limit of \$156,000.00. The coverage limit was exclusive to the replacement value of the home in the event a total loss occurred to the main building structure.

8. Respondent Lies calculated the home's finished floor area square footage to be significantly lower than the proper total finished floor area square footage of the home. First, he estimated the square footage of the entryway foyer and included that estimation in the calculation of the residence's finished floor area square footage. Second, he determined the lower level to be roughly finished and did not include the square footage of the lower level in his calculation.

9. Contrary to Respondent's method of calculation, the entryway foyer area is part of the square footage of the main floor on a bi-level home and Respondent improperly included the entryway foyer area in the calculation. Further, contrary to Respondent's determination, based on pictures of the home when it was listed for sale in 2012, it is clear the residence's lower level was more than rough finished and should have been included in the finished floor area calculation for proper insurability of the residence. Therefore, Respondent incorrectly estimated the entryway foyer square footage and excluded all of the residence's lower-level square footage when calculating the coverage amount.

10. On March 15, 2021, due to fire, the consumer experienced a total loss of his primary residence. The consumer filed a claim for the loss and received a total of \$285,358.82, which consisted of the \$156,000.00 for the home's replacement value and the difference being made up of payments for other coverages, including losses related to private structures, personal property, and living expenses.

11. After receiving payment for his claims, the consumer determined that the Respondent's improper estimations and determinations of his home's finished floor area square footage resulted in the consumer being under insured. The consumer claims that had Respondent input the correct finished floor area square footage of 2,392, the coverage limit would have increased to \$341,240.00 for the replacement value of the home, or a difference of \$185,240.00 in overall coverage.

12. In April of 2022, Respondent provided a response to the consumer's March 2022 complaint. In it, he explained because the County Tax Director's tax assessed value of the property in 2020 was \$69,700.00, and the property was insured for \$156,000.00, the consumer's property was adequately insured. However, the tax assessed value of the property is irrelevant to the calculation of whether the home was properly insured.

13. Respondent's action of incorrectly calculating the consumer's primary residence finished living area square footage directly caused an insurance deficiency to the consumer in

an undetermined amount.

14. Based on the Respondent's incompetence, the consumer's claimed total loss coverage was deficient up to \$185,240.00.

15. Respondent's actions constitute a violation of N.D.C.C. § 26.1-26-42(6).

16. Pursuant to N.D.C.C. § 26.1-26-50, the Commissioner may fine an individual who violates ch. 26.1-26, N.D.C.C., up to \$10,000.00 per violation.

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

18. Respondent is represented in this matter by attorney Michael J. Morley of Morley Law Firm, Ltd., 4000 Garden View Drive, Suite 100, Grand Forks, North Dakota 58201. In addition, Respondent has agreed to an informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

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

20. 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.

21. For purposes of resolving this matter without further administrative proceedings, Respondent has agreed to enter into the following order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

22. Respondent agrees that his action of incorrectly calculating the consumer's primary residence finished living area square footage directly caused an insurance deficiency, which violates N.D.C.C. § 26.1-26-42(6). This violation triggers the Department's ability to place him on licensure probation and revoke Respondent's insurance producer license.

23. Respondent agrees to the Commissioner issuing a conditional license for a period of five (5) years, effective the date this Order is signed by the Department. After expiration of five (5) years, the license will remain conditional for 61 days, to allow the Department to determine whether the Respondent successfully completed probation or to enforce any violation of this agreement that occurred during the 5-year probationary period. After the aforementioned period of time has expired, the license will become unrestricted if no enforcement action has been initiated by this Department or another state's insurance regulatory body.

24. In lieu of revoking Respondent's resident insurance producer license, pursuant to N.D.C.C. § 26.1-26-50, Respondent shall pay a fine in the amount of \$5,000.00 per the single violation of ch. 26.1-26, N.D.C.C., for a total fine of \$5,000.00. Respondent shall pay the fine within the first year of probation by money order, cashier's check, or credit card to the North Dakota Insurance Department.

25. Respondent agrees that during the time of the probation, he will fully comply with all the laws of this state, all lawful orders of the Commissioner, all the terms of this order and the terms of any other agreement he enters into with the Commissioner.

26. Respondent agrees he will complete, in addition to the biennial requirement of three (3) ethics continuing education credits already required, five (5) ethics continuing education credits per year for the duration of his conditional license period of five (5) years.

27. Respondent agrees, during the 5-year conditional license period, without notice, the Commissioner may issue a complaint or a hearing, and may revoke, suspend, or take such further action against the Respondent's license as may be deemed necessary, and in the sole discretion of the Commissioner, if:

- a. The Department learns that you have violated any terms of this agreement;

- b. The Department receives information that you have had a collection action initiated against you or you have been charged with a crime at any time which resulted from a charge that was filed during the probationary period; or
- c. The Department receives a complaint against you from any source and after investigation of the merits of the charge, conviction, or complaint and after you have been afforded the opportunity to respond in writing, and after review of other factual information necessary, in the sole discretion of the Commissioner, the Commissioner concludes that you have violated the laws of the State of North Dakota or used fraudulent, coercive, or dishonest practices or are incompetent, untrustworthy, or financially irresponsible. By entering into this Order, you agree that the Department's analysis and final decision regarding the merits of any allegations made is final.

28. Within 30 days of the effective date of this Order, Respondent agrees to report this Order to all state insurance regulatory authorities where Respondent holds a license to sell insurance.

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

30. 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 12th day of January, 2023.

  
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Jon Godfread  
Insurance Commissioner  
State of North Dakota

CONSENT TO ENTRY OF ORDER

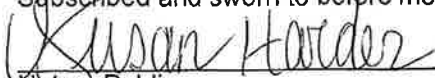
The undersigned, **Morgan Lies**, states that he has read the foregoing Consent Order, that he knows and fully understands its contents and effect; that he has been advised of the right to a hearing in this matter, the right to be represented by legal counsel, the right to present evidence and arguments to the Commissioner, and the 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 10<sup>th</sup> day of January, 2023.

  
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Morgan Lies

County of Ramsey  
State of North Dakota

Subscribed and sworn to before me this 10<sup>th</sup> day of January, 2023.

  
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Notary Public

SUSAN HARDER  
Notary Public  
State of North Dakota  
My Commission Expires April 8, 2024

My commission expires: