

NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

BEFORE THE COMMISSIONER  
OF INSURANCE

IN THE MATTER OF THE LICENSURE  
OF BB & T INSURANCE SERVICES, INC.

VOLUNTARY SETTLEMENT  
AGREEMENT

NOW COMES BB & T Insurance Services, Inc. (hereinafter "BB & T Insurance") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "Agreement"):

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State and for regulating and licensing insurance agencies and agents;

WHEREAS, BB & T Insurance is a North Carolina Corporation and has a home office in Raleigh, North Carolina;

WHEREAS, BB & T Insurance holds a Business Entity license issued by the Department;

WHEREAS, the Department has been engaged in an investigation into alleged violations of the State's anti-rebating statutes, N.C. G.S. §58-33-85(a) and §58-63-15(8) by BB & T Insurance since January 2006;

WHEREAS, the Department subsequently made several requests for information and documents from BB & T Insurance in order to determine whether BB & T Insurance has been offering other extra-contractual benefits to its clients in violation of N.C.G.S. § 58-33-85(a);

WHEREAS, BB&T has cooperated with the Department in this investigation;

WHEREAS, the Department has now completed its investigation;

WHEREAS, in the course of the investigation, BB & T Insurance provided documents to the Department which showed that since 2003, BB & T Insurance has made arrangements with COBRA service providers (hereinafter "providers") to offer discounted rates for COBRA services to BB & T Insurance clients and such discounted rates would terminate whenever the client's relationship with BB&T Insurance was terminated;

WHEREAS, in the course of the investigation, BB & T Insurance provided documents which indicated that BB & T Insurance was not consistent in requiring its clients to pay for Online Benefits in the Benetrek Enhanced packages offered to BB&T Insurance clients;

WHEREAS, in the course of the investigation, BB & T Insurance provided documents which indicated that BB & T Insurance has also been violating N.C.G.S. § 58-63-15(2) by making representations in client presentation materials that: (a) BB & T Insurance offers more services through Online Benefits than other brokers can offer for the same price; and (b) BB & T Insurance clients receive discounted legal services due to their relationship with BB & T Insurance when, in fact, these statements were not accurate;

WHEREAS, the Department has consistently interpreted and applied N.C.G.S. § 58-33-85(a) to prohibit agents from offering or allowing discounted services and other benefits not provided under the insurance contract (hereinafter, "extra-contractual benefits") to their clients through agreements with third party service providers or otherwise;

WHEREAS, BB & T Insurance's violations of N.C.G.S. §§ 58-33-85(a) and 58-63-15 are an adequate basis for the Department to initiate disciplinary action under N.C.G.S. § 58-33-46(a)(5);

WHEREAS, BB & T Insurance denies that its actions were in violation of N.C.G.S. §§ 58-33-85(a) and 58-63-15;

WHEREAS, the Parties mutually wish to resolve this matter by consent before the Department initiates an administrative hearing concerning these violations;

NOW THEREFORE, in exchange for the consideration of the promises and agreements set out herein, the Department and BB & T Insurance hereby agree as follows:

1. BB & T Insurance enters into this Agreement freely and voluntarily and with knowledge of its right to have an administrative hearing on this matter.
2. BB & T Insurance voluntarily waives any right to notice of an administrative hearing and any right to a hearing on the violations and disciplinary actions referenced in this Agreement. BB & T Insurance also waives any right to appeal and agrees not to challenge the validity of this Agreement in any way.
3. The promises, agreements, representations and considerations contained herein are not mere recitals but are contractual in nature.
4. BB & T Insurance will immediately cease and desist allowing or giving, indirectly or directly, any extra-contractual benefits to its clients, including: (a) discounted rates for Flexible Benefit Administration services, (b) discounted rates for COBRA services to its clients, (c) discounted rates for Benesytes services; and

(d) free or discounted Benetrek services;

5. BB & T Insurance will immediately begin to require its clients to either: (1) reimburse BB & T Insurance for all fees that BB & T Insurance pays for Benetrek services on behalf of the client or (2) pay Online Benefits directly for Benetrek services.

6. BB & T Insurance will delete all representations in sales presentations and other marketing materials that: (a) BB & T Insurance offers more services through Online Benefits than other brokers can offer for the same price; and (b) BB & T Insurance clients receive discounted legal services due to their relationship with BB & T Insurance;

7. BB & T Insurance will immediately implement the corrective action which has been submitted to and approved by the Agent Services Division and which is hereto attached as Exhibit A;

8. BB & T Insurance will submit to a Compliance Examination by Agent Services Division within 12 months of execution of this Agreement to determine whether BB & T Insurance has effectively implemented its Corrective Action Plan;

9. The Department agrees that it will not initiate any additional administrative actions based on the violations referenced herein provided that BB & T Insurance does not violate the terms and conditions of this Agreement. This Agreement does not in any way affect the Department's power to take disciplinary action against BB & T Insurance in any other cases or complaints involving BB & T Insurance that may arise in the future;

10. If the current anti-rebating statutes are amended to broaden the scope of activities permitted under those statutes at any time subsequent to the execution of this agreement, those amendments, and not the provisions of this Agreement will apply to BB&T Insurance's activities;

11. This written document contains the entire agreement between the Parties. There are no other oral or written agreements of any kind that alter or add to this agreement;

12. The Parties agree that the Superior Court of Wake County shall be the venue for any actions seeking to enforce this Agreement;

13. If, for any reason, any part or provision of this Agreement is found to be void or unenforceable, the other parts and provisions shall remain in full force and effect;

14. The Parties have read and understand this Agreement and agree to abide by the terms and conditions contained herein.

This the \_\_\_\_\_ day of January, 2008

Signed by:

[REDACTED]

David M. Pruett, Chief Administrative Officer  
BB&T Insurance Services, Inc.

[REDACTED]

1-29-08

North Carolina Department of Insurance

By Angela K. Ford

Senior Deputy Commissioner