

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 BUDGET PREMIUM SERVICE CO, INC.

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME Budget Premium Service Company, Inc. (hereinafter, "Budget Premium") and the North Carolina Department of Insurance (hereinafter, the "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter, the "Agreement");

WHEREAS, the Department has the authority and responsibility for enforcement of insurance laws of this State, and for regulating and licensing premium finance companies; and

WHEREAS, Budget Premium is a South Carolina Corporation that is licensed to do business in the State of North Carolina, and is licensed by the Department as a premium finance company; and

WHEREAS, J. Leon Hix (hereinafter, "Hix") is President of Budget Premium, and is duly authorized to execute this Agreement on Budget Premium's behalf; and

WHEREAS, the Department contends that its examinations revealed that Budget Premium collected excessive insurance premium finance charges, in violation of N.C. Gen. Stat. § 58-35-35; and

WHEREAS, Budget Premium denies the foregoing allegations; and

WHEREAS, pursuant to the terms set forth herein, Budget Premium and the Department desire to resolve the disputes between and among them relating to the foregoing issues; and

WHEREAS, pursuant to N.C. Gen. Stat. § 58-2-70(g), the Commissioner and the Department have the express authority to negotiate a mutually acceptable agreement with any person as to the status of the person's license or certificate or as to any civil penalty or restitution;

NOW THEREFORE, in consideration of the promises and agreements set out herein, the Department and Budget Premium hereby agree to the following:

1. Within five (5) business days following the signing of this document by all parties, Budget Premium shall pay a civil penalty of one hundred twenty-five thousand and no/100 dollars (\$125,000.00) to the Department. The form of payment shall be in a certified check or other certified funds, made payable to the "North Carolina Department of Insurance." The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.

2. The Department agrees that it will not proceed to an administrative hearing against Budget Premium, or take any administrative action against Budget Premium other than as set forth herein, based on allegations arising out of the Department's investigations of the sale of motor club memberships of Atlantic Automobile Association, Inc. in North Carolina to residents of North Carolina.

3. Budget Premium shall obey all laws and regulations applicable to all licenses issued to it.

4. Budget Premium agrees to promptly supply the Department with copies of all non-privileged documents requested by the Department, including, but not limited to, depositions and affidavits in the possession of Budget Premium or its attorneys, at no cost to the Department.

5. In the event Atlantic Automobile Association, Inc. fails, by September 30, 2007, to make the refunds called for under its voluntary settlement agreement with the Department, Budget Premium, jointly and severally with Poinsett Insurance Agency, Inc., shall make said payments due from Atlantic Automobile Association, Inc. in full. If it becomes necessary for Budget Premium to make these refunds, pursuant to N.C. Gen. Stat. § 58-2-185, Budget Premium shall, by October 31, 2007, confirm to the Department in a verified written report that it has complied with its duty to make any refunds required by this paragraph.

6. Budget Premium acknowledges that prior to entering into this Agreement, it has discussed fully with its legal counsel, Nelson Mullins Riley & Scarborough LLP, the effects and consequences of this settlement, and that it executes this Agreement willingly and with full understanding of its terms and conditions, and with knowledge of its right to proceed to an administrative hearing in lieu of entering into this Agreement.

7. This Agreement does not in any way affect the Department's disciplinary authority with regard to any future follow-up examinations of Budget Premium, or in any future cases or complaints involving Budget Premium. The Department shall conduct such compliance investigations or examinations as it shall deem appropriate to verify Budget Premium's compliance with this Agreement, and such examinations shall be scheduled within the discretion of the Department of Insurance.

8. The Department reserves and retains the right to take any administrative action authorized by law, including revocation of licenses, against any individual licensees or former licensees who work for, or formerly worked for, any agency formerly or currently owned or operated by Poinsett Insurance Agency, Inc. and/or Hix; and this settlement shall not in any

way bar the Department from instituting or prosecuting administrative actions against any such individual licensees or former licensees. This settlement shall not in any way preclude the State of North Carolina from instituting or prosecuting any criminal proceedings against any persons.

9. The parties stipulate and agree that the Department, by entering into this Agreement, shall not be construed as approving or validating any aspect of any settlement that may be reached between the parties to Perry v. Poinsett Insurance, et al., Guilford County Superior Court, Case No. 04 CVS 11834, nor shall this Agreement be construed as affecting the legal rights of any non-party to this Agreement.

10. Budget Premium is entering into this Agreement for the purpose of settling a disputed claim, and nothing contained herein shall be taken as or construed to be an admission or concession by Budget Premium of any violation of law, or of any liability or wrongdoing.

11. This Agreement shall have the full force and effect of an Order of the Commissioner. Budget Premium acknowledges and understands that N.C. Gen. Stat. § 58-35-20(a)(1) provides that an insurance premium finance company's license may be revoked for violating an Order of the Commissioner.

12. This Agreement does not affect the contractual rights or obligations that any consumer, individual or entity may have with respect to Budget Premium.

13. This Voluntary Settlement Agreement, when finalized, will be a public record and is not confidential. Any and all licenses issued by the Department to the licensee shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department is free to disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.

14. This Agreement contains the entire agreement between the parties with respect to the foregoing issues. All prior understandings, representations, and agreements with regard to the settlement are merged in this Agreement, and this Agreement shall not be modified in any manner, except by written instrument signed by all parties hereto.

15. This Agreement shall become effective when signed by Budget Premium and the Department.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

BUDGET PREMIUM SERVICE CO., INC.

By:

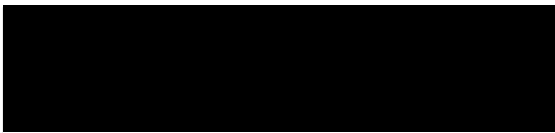


J. Leon Hix, President

Date: 3-26-07

NORTH CAROLINA DEPARTMENT OF INSURANCE

By:



Angela Ford, Senior Deputy Commissioner

Date: 3-30-07