

**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  
ALBERT L. HUDSON  
LICENSE NO. 0002456369**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

**NOW COME**, Albert L. Hudson (hereinafter "Mr. Hudson") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

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

**WHEREAS**, Mr. Hudson currently holds a resident producer's license with authority for Life, Accident & Health or Sickness, Property and Casualty lines of insurance, and Broker and Medicare Supplement Long-Term Care licenses issued by the Department; and

**WHEREAS**, North Carolina General Statute § 58-33-46(a) (8) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes of NC, for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere; and

**WHEREAS**, North Carolina General Statute § 58-2-163 provides: Whenever any insurance company, or employee or representative of such company, or any other person licensed or registered under Articles 1 through 67 of this Chapter, among other things, knows or has reasonable cause to believe that any other person has violated G.S. 58-2-162 (Embezzlement by insurance agents, brokers or administrators), it is the duty of such person, upon acquiring such knowledge, to notify the Commissioner and provide the Commissioner with a complete statement of all of the relevant facts and circumstances. Such report is a privileged communication, and when made without actual malice does not subject the person making the same to any liability whatsoever. The Commissioner may suspend, revoke, or refuse to renew the license of any licensee who willfully fails to comply with this section.

**WHEREAS**, the Department initiated a target examination of Montgomery Insurance Services, located in Star NC on August 15, 2019 and extending through August 22, 2019 as a result of a complaint filed by a former employee of the agency alleging being falsely accused of misappropriation of premium monies, as well as to verify that all employees were appropriately licensed, to audit financials and to randomly review files to verify proper underwriting; and

**WHEREAS**, the owner of the agency, Albert L. Hudson, is a licensed producer authorized for Life, Accident & Health or Sickness, Property and Casualty lines of insurance as well as holding Broker's and Medicare Supplement Long-Term Care insurance licenses issued by the Department; and

**WHEREAS**, the examiners reviewed bank statements, deposit slips and remittance sheets for the premium account from January 2015 through the date of the examination and found multiple incidents wherein premium money was collected, receipted and was either improperly remitted or not remitted; however since there was a significant monetary cushion in the premium account, premium funds were always available to insurers as required by law; and

**WHEREAS**, the irregularities occurred between February 2017 and July 2017 and nine (9) incidents were noted involving two (2) former employees of the Denton, NC office of the agency, which has since been closed; and

**WHEREAS**, the examiner's review indicated that the agency's premium account was not reconciled and reviewed and premium payments which were not properly handled were swept from the account; and

**WHEREAS**, Mr. Hudson, by his own admission, did not have a system in place at the Denton, NC office that included daily, weekly, or monthly reconciliations of the premium account; and

**WHEREAS**, it appeared that Mr. Hudson suspected that the two (2) former agents were not handling premium monies correctly, receipting payments properly, making deposits to the agency premium account, and not recording agency premium transactions in the agency management system, and that Mr. Hudson failed to notify the Department as required by North Carolina General Statute § 58-2-163; and

**WHEREAS**, Mr. Hudson, by not having a system in place that would reconcile the agency's premium account, and thereby allowing the abuse thereof found in the target examination reflects a violation of North Carolina General Statute § 58-33-46(a) (8) and a basis for placing Mr. Hudson on probation or suspending, revoking or refusing to issue or renew his producer's license; and

**WHEREAS**, North Carolina General Statute § 58-33-46(a)(2) provides that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license issued under Article 58 of the General Statutes of North Carolina for violating any insurance law

of this or any other state, violating any administrative rule, subpoena, or order of the Commissioner or of another state's regulator; and

**WHEREAS**, Mr. Hudson has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of himself, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against Mr. Hudson; and

**WHEREAS**, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

**NOW, THEREFORE**, in exchange for the consideration and promises and agreements set out herein, Mr. Hudson and the Department hereby agree to the following:


1. Immediately upon the signing of this Agreement, Mr. Hudson shall pay a civil penalty of **\$500.00** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." Mr. Hudson shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **November 2, 2020**. 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. Mr. Hudson was directed to submit an action plan to avoid the recurrence of the irregularities and violations found in the target examination by August 18, 2020, and was informed that a compliance check would be made within 12 months.
3. This Agreement does not in any way affect the Department's disciplinary power in any future examination of Mr. Hudson or in any other complaints involving Mr. Hudson.
4. Mr. Hudson enters into this Agreement, on behalf of himself, freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter. Mr. Hudson understands he may consult with an attorney prior to entering into this Agreement.
5. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Hudson understands that N.C.G.S. § 58-33-46(a)(2) provides that a producer's license may be revoked for violating an Order of the Commissioner.
6. This Agreement, when finalized, will be a public record and will **not** be held confidential by the Department. Following the execution of this Agreement, any and all licenses

issued by the Department to Mr. Hudson shall reflect that Regulatory Action has been taken against him. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides, upon request, a copy of the voluntary settlement agreement to all companies that have appointed the licensee.

7. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
8. Be aware that if a state or federal regulator other than the N. C. Department of Insurance has issued an occupational or professional license to you, that regulator may require you to report this administrative action to it. The N.C. Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

**N. C. Department of Insurance**

  
By: **Albert L. Hudson**  
License No 0002456369

  
By: **Angela Hatchell**  
Deputy Commissioner

Date: 10-30-2020

Date: 11/4/2020