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NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

CHECK NO.

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PROCESSOR

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

IN THE MATTER OF THE LICENSURE
OF MICHAEL B. HUGHES
LICENSE NO. 0006617416

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME, Michael B. Hughes (hereinafter "Mr. Hughes") 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. Hughes currently holds a producer's license with the Department with authority for Life, Accident Health & Sickness, Property, Casualty and Medicare Supplement Long-Term Care lines of insurance; and

WHEREAS, North Carolina Gen. Stat. § 58-33-46(a)(2) authorizes the Commissioner of Insurance to place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of the North Carolina General Statutes for violating any insurance law of this or any other state; and

WHEREAS, North Carolina Gen. Stat. § 58-33-46(a)(4) authorizes the Commissioner of Insurance to place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of the North Carolina General Statutes for improperly withholding, misappropriating, or converting any monies or properties received in the course of doing insurance business; and

WHEREAS, North Carolina Gen. Stat. § 58-33-46(a)(7) authorizes the Commissioner of Insurance to place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of the North Carolina General Statutes for a licensee having admitted or been found to have committed any insurance unfair trade practice or fraud; and

WHEREAS, from information received from Mr. Greg Schwender, Compliance Director for Transamerica Life and Protection and Monumental Life Insurance companies indicated that you accepted premium from one of your policyholders, a Ms. Epps, in excess of the premium due for her insurance policies, and used that excess premium to pay premiums for another policyholder not related to or associated in any way with Ms. Epps, but eventually returned the excess

premium to Ms. Epps, constituting a misappropriation of monies received in the course of doing insurance business and a violation of North Carolina Gen. Stat. § 58-33-46(a)(4); and

WHEREAS, such action on the part of Mr. Hughes, i.e., paying premiums for the benefit of other policyholders, also reflects a violation of North Carolina Gen. Stat. § 58-33-46(a)(7), in that such activity represents an insurance unfair trade practice; and

WHEREAS, Mr. Hughes has admitted to these violations; and

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

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

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


1. Immediately upon the signing of this Agreement, Mr. Hughes 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. Hughes 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 **February 28, 2013**. 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. This Agreement does not in any way affect the Department's disciplinary power in any future examinations or investigations of Mr. Hughes, or in any other complaints involving Mr. Hughes.
3. Mr. Hughes enters into this Agreement freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter. Mr. Hughes understands he may consult with an attorney prior to entering into this Agreement.
4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Hughes understands that North Carolina Gen. Stat. § 58-33-46(a)(2) provides that an agent's license may be revoked for violating an Order of the Commissioner.

5. 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. Hughes 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 copies of voluntary settlement agreement to all companies that have appointed the licensee.
6. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.

This the 20 day of FEB, 2013.

North Carolina Department of Insurance


Michael B. Hughes
License No. 0006617416

By:  3-7-13
Angela K. Ford
Senior Deputy Commissioner