

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 POINSETT INSURANCE AGENCY, INC.

VOLUNTARY SETTLEMENT  
AGREEMENT

NOW COME Poinsett Insurance Agency, Inc., also known as Hix Insurance Agency or A-Hix Insurance Center (hereinafter, "Poinsett"), 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 insurance agents and companies; and

WHEREAS, Poinsett is a South Carolina Corporation that is licensed to do business in the State of North Carolina; and

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

WHEREAS, pursuant to N.C. Gen. Stat. § 58-33-46(a)(2), the Commissioner of the North Carolina Department of Insurance (hereinafter, the "Commissioner") may place on probation, suspend, revoke or refuse to renew any license issued under Article 33 of Chapter 58 of the North Carolina General Statutes for violating any insurance laws, or violating any administrative rule, subpoena, or order of the Commissioner or of another state's insurance regulator; and

WHEREAS, pursuant to N.C. Gen. Stat. § 58-33-46(a)(5), the Commissioner may place on probation, suspend, revoke or refuse to renew any license issued under Article 33 of Chapter 58 of the North Carolina General Statutes for intentionally misrepresenting the terms of an actual or proposed insurance contract or application of insurance; and

WHEREAS, pursuant to N.C. Gen. Stat. § 58-33-46(a)(8), the Commissioner may place on probation, suspend, revoke or refuse to renew any license issued under Article 33 of Chapter 58 of the North Carolina General Statutes 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, the Department contends that its examinations revealed that Poinsett's agents charged motor club membership fees to consumers not in accordance with the fee schedule for motor club memberships in violation of N.C. Gen. Stat. §§ 58-33-46(a)(8) and 58-33-80; and

WHEREAS, the Department contends that its examinations revealed that Poinsett's agents sold motor club memberships to customers without their knowledge, in violation of N.C. Gen. Stat. §§ 58-33-46(a)(5) and 58-33-46(a)(8); and

WHEREAS, Poinsett denies these allegations; and

WHEREAS, pursuant to the terms set forth herein, Poinsett 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 Poinsett hereby agree to the following:

1. Within five (5) business days following the signing of this document by all parties, Poinsett shall pay a civil penalty of two hundred fifty thousand and no/100 dollars (\$250,000.00) 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. Neither Poinsett nor any corporation, partnership or other entity owned or controlled by Hix, in whole or in part, shall offer to sell, directly or indirectly, any motor club product whatsoever in North Carolina to residents of the State of North Carolina. This paragraph shall not apply to any publicly traded companies in which Hix owns stock or any other equity interest.
3. The Department agrees that it will not proceed to an administrative hearing against Poinsett, or take any administrative action against Poinsett 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.
4. Poinsett shall obey all laws and regulations applicable to all licenses issued to it.
5. Poinsett 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 Poinsett or its attorneys, at no cost to the Department.

6. 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, Poinsett, jointly and severally with Budget Premium Service Company, Inc., shall make said payments due from Atlantic Automobile Association, Inc. in full. If it becomes necessary for Poinsett to make these refunds, pursuant to N.C. Gen. Stat. § 58-2-185, Poinsett 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.

7. Poinsett 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.

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

9. 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.

10. 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.

11. Poinsett 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 Poinsett of any violation of law, or of any liability or wrongdoing.

12. This Agreement shall have the full force and effect of an Order of the Commissioner. Poinsett acknowledges and understands that N.C. Gen. Stat. § 58-33-46(a)(2) provides that its license may be revoked for violating an Order of the Commissioner.

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

14. 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.

15. 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.

16. This Agreement shall become effective when signed by Poinsett and the Department.

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

POINSETT INSURANCE AGENCY, 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