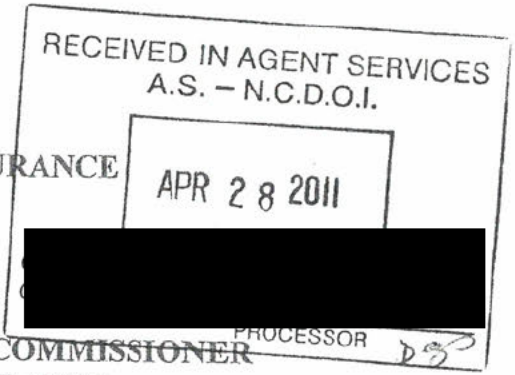


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NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

IN THE MATTER OF THE LICENSURE
OF SAMUEL W. STARLING, III
LICENSE NO. 0006561369

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME Samuel W. Starling, III (hereinafter "Mr. Starling") 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. Starling currently holds a producer's license with the Department with authority for Life, Accident and Health or Sickness, Variable Life and Variable Annuity 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 General Statute §58-33-46(a)(7) authorizes the Commissioner of Insurance to place on probation, suspend, revoke or refuse to renew the license of any licensee for having admitted or been found to have committed any unfair trade practice or fraud; and

WHEREAS, North Carolina General Statute §58-33-46(a)(8) authorizes the Commissioner of Insurance to place on probation, suspend, revoke or refuse to renew the license of any licensee 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, Mr. Starling wrote an individual variable annuity contract to the D & J Chanter Revocable Management Trust (David and Joann K. Chanter, owners), effective July 7, 2003 naming Joann K. Chanter as annuitant, a contract wherein the named annuitant could be changed at any time, and thereafter requested a change of annuitant from Joann K. Chanter to Mr. Starling's grandmother, Claire L. Starling, who was over the age of 80 at the time and was not

related in any way or even known to the purchasers of the variable annuity, David and Joann K. Chanter; and

WHEREAS, Mr. Starling suggested a change of annuitant to a more elderly person because the market value of the annuity had decreased, and made the change of annuitant without the knowledge and consent of his grandmother, Claire L. Starling, for the purpose of potentially increasing the return available under the contract because the death benefit was larger than the then current market value of the annuity; and

WHEREAS, Sun America, the issuer of the variable annuity was contacted by Department representatives regarding the change of annuitant from one of the purchasers to a non-related individual without that individual's knowledge or consent, responded to the Department by indicating that ". . . there may have been an attempt in this case to perpetrate what we would deem to be inappropriate actions. We are aware of "stranger owned" issues with certain life and annuity contracts wherein an insurable interest may not exist between a natural owner and annuitant/insured, and as a result, we have reinforced our procedures that are designed to identify and prevent such practices; and

WHEREAS, Mr. Starling's actions in this instance reflect violations of North Carolina General Statute §58-33-46(a)(7) and North Carolina General Statute §58-33-46(a)(8); and

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

WHEREAS, Mr. Starling 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. Starling; 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. Starling and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, Mr. Starling shall pay a **civil penalty of \$250.00** to the Department. The form of payment shall be by certified cashiers 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. Starling 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 April 29, 2011. 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. Starling, or in any other complaints involving Mr. Starling.
3. Mr. Starling enters into this Agreement freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter. Mr. Starling 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. Starling 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. Starling 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 29th day of April, 2011.

[Redacted Signature]

Samuel W. Starling, III
License No. 0006561369

North Carolina Department of Insurance

By: [Redacted Signature]

Angela K. Ford
Senior Deputy Commissioner

4-29-11