

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

STATE OF NORTH CAROLINA

**BEFORE THE COMMISSIONER
OF INSURANCE**

COUNTY OF WAKE

**IN THE MATTER OF
GREGORY D. BORN AND JEFFREY BORN**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COME Gregory Born, Jeffrey Born and the North Carolina Department of Insurance (hereinafter "the Department"), who hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement:

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State and for regulating and licensing insurance companies, insurance agents, and third party administrators;

WHEREAS, Jeffrey Born holds Life and Health and Property and Liability agents' licenses issued by the Department;

WHEREAS, Student Plans, Inc. (hereinafter, "Student Plans") is a corporation organized and existing by virtue of the laws of the State of Illinois;

WHEREAS, Student Plans, Inc. holds a North Carolina third party administrator's license (hereinafter, "TPA license") issued by the Department;

WHEREAS, Jeffrey Born was the Vice President, Secretary and a Director of Student Plans at all times between August 10, 2003 and August 9, 2005;

WHEREAS, Gregory Born was the President, Treasurer, and a Director of Student Plans at all times between August 10, 2003 and August 9, 2005;

WHEREAS, Gregory Born and Jeffrey Born were the sole officers and shareholders of Student Plans at all times between August 10, 2003 and August 9, 2005;

WHEREAS, the business operations of Security Insurance Company, Ltd. (hereinafter, "Security Ltd."), an insurer which is reportedly domiciled in Barbados, were conducted by its agents, within the corporate offices of Student Plans, in Naperville, Illinois;

WHEREAS, the Department received information in April, 2005 from the Virginia Bureau of Insurance that suggested that Student Plans may have marketed and placed health insurance coverage issued by Security Ltd. on students attending North Carolina schools;

WHEREAS, the Department has never issued a license, or certificate of authority, permitting Security Ltd. to transact insurance business in North Carolina, and Security Ltd. has never been an eligible surplus lines insurer in North Carolina pursuant to G.S. § 58-28-5;

WHEREAS, Security Ltd. is an unlicensed and unauthorized insurer in North Carolina because it does not hold a license to transact insurance business and is not an eligible surplus lines insurer;

WHEREAS, Gregory Born was the President and Director of Security Ltd. at all times between August 10, 2003 and August 9, 2005;

WHEREAS, Jeffrey Born was the Secretary, Director and sole shareholder of Security Ltd. at all times between August 10, 2003 and August 9, 2005;

WHEREAS, the Department subsequently verified that Student Plans in fact marketed and placed health insurance coverage issued by Security Ltd. to students in North Carolina covering North Carolina residents between August 10, 2003 and August 9, 2005;

WHEREAS, the Department alleges that Jeffrey Born and Gregory Born violated the provisions of Article 28 of the North Carolina General Statutes which prohibit the marketing and sale of unlicensed and unauthorized insurance in North Carolina;

WHEREAS, the Director of Insurance of the State of Illinois (hereinafter, "the Illinois Director of Insurance") applied for and obtained Orders of Conservation and Rehabilitation (hereinafter, "these Orders") in the Circuit Court of Cook County, Illinois, pertaining to both Student Plans and Security Ltd. (hereinafter, "the Companies");

WHEREAS, these Orders place complete and full control of the Companies with the Illinois Director of Insurance, and it is understood that as a result of these Orders, Gregory Born and Jeffrey Born have no authority to act on behalf of the Companies;

WHEREAS, the Department and the Company hereby enter into this Voluntary Settlement Agreement for the purpose of resolving this matter involving the sale of insurance policies issued and placed by Security Ltd. and Student Plans, and for the purpose of avoiding an administrative hearing;

WHEREAS, this Voluntary Settlement Agreement shall not affect the valid claims of third parties or any current or potential civil actions against Gregory Born, Jeffrey Born, Security Ltd., Student Plans, or any of its affiliated companies or divisions;

WHEREAS, this Voluntary Settlement Agreement is a mutually acceptable agreement between the parties;

WHEREAS, Jeffrey Born has agreed to voluntarily and permanently surrender his Life and Health and Property and Liability agents' licenses;

WHEREAS, Gregory Born and Jeffrey Born have agreed to cease and desist the transaction of all insurance business in this State, including the performance of any third party administrators functions as defined under N.C.G.S. § 58-56-2(5); and

WHEREAS, Gregory Born and Jeffrey Born have agreed to comply with all insurance laws and regulations in North Carolina.

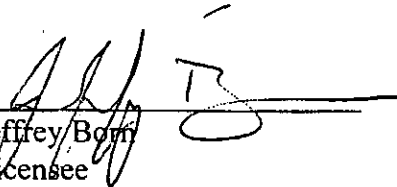
NOW, THEREFORE, in exchange for the consideration of the promises and agreements set out herein, the Department and Gregory Born and Jeffrey Born agree to the following;

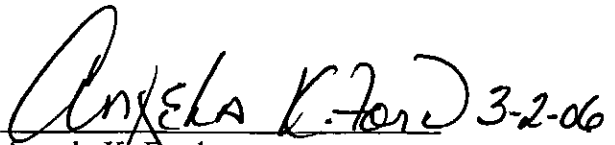
1. Gregory Born and Jeffrey Born waive their rights to an administrative hearing in this matter.
2. Jeffrey Born will voluntarily and permanently surrender his Life and Health and Property and Liability agents' licenses.
3. Gregory Born and Jeffrey Born will cease and desist the transaction of all insurance business in this State, including the performance of any third party administrators functions as defined under N.C.G.S. § 58-56-2(5).
4. Gregory Born and Jeffrey Born will comply with all insurance laws and regulations in North Carolina.
5. In the event Gregory Born or Jeffrey Born should, for any reason, regain control or authority over the Companies, they agree to immediately surrender to the Department any and all licenses that have been issued by the Department to the Companies.
6. The parties to this Voluntary Settlement Agreement stipulate and agree that this agreement does not address the potential liability of any person who marketed or sold the Security Ltd. insurance coverage in this state for claims arising out of the marketing and sale of such insurance coverage and that this agreement shall not be construed as barring third parties from asserting any valid legal claims against any person who marketed or offered the Security Ltd. insurance coverage in this state.
7. If, for any reason, any part or provision of this Voluntary Settlement Agreement is

found to be void or unenforceable, the other parts and provisions shall remain in full force and effect.

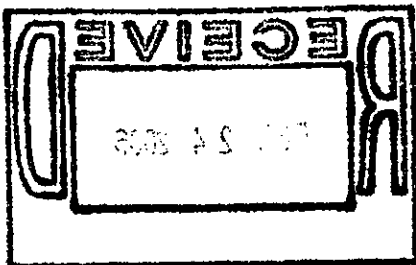
8. The parties to this Voluntary Settlement Agreement have read and understand this agreement and agree to abide by the terms and conditions contained herein.
9. The parties to this Agreement stipulate and agree that the statements contained herein concerning the alleged actions of Gregory Born and Jeffrey Born are made solely for purposes of this Agreement.

This the 19 day of February, 2006


Jeffrey Born
Licensee


Angela K. Ford
Senior Deputy Public Services Group
North Carolina Department of Insurance


Gregory Born



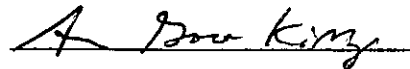
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing VOLUNTARY SETTLEMENT AGREEMENT was served by certified mail, return receipt requested, first class postage prepaid, addressed as follows:

Paul Brickfield
Attorney for Jeffrey Born
70 Grand Avenue, Suite 102
River Edge, NJ 07661

Michael T. Griffin
Attorney for Gregory Born
90 State House Square
Hartford, CT 06103

This the 6th day of March, 2006.



Anne Goco Kirby
Assistant Attorney General
N. C. Department of Justice
P. O. Box 629
Raleigh, N.C. 27602-0629