

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

**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**IN THE MATTER OF  
PROFESSIONAL RISK  
UNDERWRITERS, LLC**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

WHEREAS, the North Carolina Department of Insurance (hereinafter "the Department") is charged with the authority and responsibility for the enforcement of the insurance laws of the State of North Carolina; and

WHEREAS, certain conduct of Professional Risk Underwriters, LLC (hereinafter, "PRU") has come to light in the course of the investigation of related matters within the authority and responsibility of the Department; and

WHEREAS, the Department and PRU wish to enter into this Voluntary Settlement Agreement;

**NOW THEREFORE**, the Parties agree as follows:

**I. Stipulation of Facts**

1. At all times relevant to these allegations, Jeffrey D. Brunken (hereinafter, "Brunken") held active Life and Health, Property and Liability nonresident agent's licenses (hereinafter, "licenses") issued by the Department.
2. At all relevant times, Brunken was President and sole shareholder of Pro Med Casualty Insurance Company, Ltd. and Pro Med Reinsurance, Ltd. (hereinafter, "Pro Med"), and was President of PRU.
3. Pro Med was represented to be a corporation organized under the laws of the Caribbean nation of St Kitts & Nevis.
4. PRU had contracts with Pro Med to act as its insurance underwriting manager and claims administrator.
5. The Department has determined that Pro Med was never licensed or authorized to transact insurance business in North Carolina, was never an eligible surplus lines insurer under N.C. Gen. Stat § 58-21-20, and was never a qualified nonadmitted insurer under N.C. Gen. Stat. § 58-21-25.

6. Based upon the Department's allegations that PRU contracted to provide claims administrative services and underwriting management for Pro Med, an unlicensed and unauthorized insurance carrier in North Carolina, the Department concludes that PRU violated N.C.G.S. § 58-28-5 by transacting and engaging in unauthorized insurance business, as defined by N.C. Gen. Stat. § 58-28-10.

## **II. Monetary Assessment and Dissolution**

1. The Department assesses, and PRU agrees to pay a monetary assessment in the amount of One Hundred Thousand Dollars (\$100,000) at the time of execution of this agreement. This amount shall be made payable by certified check to the Department of Insurance simultaneously with PRU's execution of the agreement and forwarding the agreement to the Department for the Commissioner's signature.
2. PRU has ceased all new business activity and agrees to voluntary dissolve within six months after termination of all currently in-force contracted administrative services obligations as necessary for the protection of persons insured under policies currently administered by PRU.

## **III. Discharge and other terms**

1. In exchange for PRU's entering into this Voluntary Settlement Agreement, the Department agrees to release and forever discharge PRU and its directors, officers, employees, members, managers, and owners from any and all claims, administrative actions, remedies, penalties or relief and causes of action of every kind and nature whatsoever, at law or in equity, known and unknown, which the Department ever had, now has or hereafter may have by reason of any act, omission, matter, or cause arising out of or in any way connected with the allegations in the Notice of Hearing in Docket No. D-1198 or with the Consent Order in Docket No. D-1165. Notwithstanding the foregoing, the provisions of this paragraph and this entire agreement shall not apply to Jeffrey D. Brunken, Pro Med Casualty Insurance Company, Ltd., and Pro Med Reinsurance, Ltd.
2. In making the Agreement embodied herein, PRU and the Department represent that they have relied upon the legal advice of their attorneys, who are attorneys of their own choice. PRU and the Department further represent that the terms of this Agreement have been completely read and explained to them by their attorneys and that those terms are fully understood and voluntarily accepted by them, and that the persons who have signed this Agreement are fully authorized and empowered to bind their respective parties hereto as represented below.
3. Should any provision of this Agreement be found to be invalid, in whole or in part, it shall not affect the validity or enforceability of any other provision hereof or of that provision insofar as it is not invalid and is enforceable.

4. Neither PRU nor the Department nor their respective attorneys shall be deemed the draftsman of this Agreement for purposes of construing or interpreting any of its terms or provisions in any action or proceeding which may hereafter arise between and amongst them.
5. The parties to this Voluntary Settlement Agreement agree that it shall have the full force and effect of an order of the Department.
6. This Voluntary Settlement Agreement shall become effective when signed by the Department and PRU and the Department receives payment of the monetary assessment as provided in Section II, Paragraph 1 of this Agreement.
7. This Settlement Agreement does not affect: (a) any valid claims of policyholders for the performance of any obligation of Pro Med under the claims made policies issued by Pro Med Casualty Insurance, Ltd. and Pro Med Reinsurance, Ltd. ["Pro Med"] in North Carolina, (b) any valid claims of third parties under those policies, and (c) any pending or potential civil actions by any parties other than the Department arising out of the sale of those policies. It is expressly understood that this Voluntary Settlement Agreement shall not be construed as releasing PRU, PRU's parent company, any entities or individuals affiliated with PRU, Jeffrey Brunken, or any entities owned or controlled by Jeffrey Brunken, from said above-referenced potential civil liability therefor.

IN WITNESS WHEREOF, PRU and the Department have duly executed this Agreement as of the dates indicated below.

NORTH CAROLINA DEPARTMENT OF INSURANCE

DATE: March 29, 2005 By: Angela P. Ford  
*As. Deputy Commissioner  
 Public Services Group*

PROFESSIONAL RISK UNDERWRITERS, LLC

DATE: 3/23/05 By: Stewart L. Kemp  
 Its: Vice President