

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This **SETTLEMENT AGREEMENT** ("Settlement Agreement") is entered into by and among Nation Motor Club, LLC f/k/a Nation Motor Club, Inc. d/b/a Nation Safe Drivers ("NSD") and the Vermont Department of Financial Regulation ("Department"), (each of the Department and NSD is referred to herein as a "Party" and collectively are referred to herein as the "Parties") on June 10, 2015, pursuant to the following terms and conditions:

RECITALS

WHEREAS, the Insurance Division of the Department filed an Ex Parte Motion for Cease and Desist Order with the Department on February 13, 2012, requesting that the Commissioner of the Department issue an *ex parte* order requiring NSD to cease and desist from transacting insurance business in Vermont.

WHEREAS, on February 14, 2012, the Commissioner issued an *ex parte* Order to Cease and Desist in connection with Hospital Indemnity Benefits offered as part of NSD's Travel Club. For purposes of this Settlement Agreement, the term "Hospital Indemnity Benefits" includes: Accidental Death and Dismemberment; Excess Accident Medical Expenses; and Daily In-Hospital Confinement Benefits.

WHEREAS, NSD challenged the Order to Cease and Desist and the matter proceeded to a one-day evidentiary hearing on June 10, 2013. The hearing officer issued his Findings of Fact, Conclusions of Law and Proposal for Decision on July 23, 2013, recommending that the Commissioner continue the Order to Cease and Desist.

WHEREAS, on September 6, 2013, the Commissioner issued an Order Adopting Hearing Officer's Proposal for Decision and Continuing in Force the Order Requiring Respondent to Cease and Desist. The February 14, 2012 Order to Cease and Desist, along with the September 6, 2013 Order continuing that Order in force are collectively referred to as the "Cease and Desist Order." The proceedings before the Commissioner are referred to as the "Administrative Proceedings."

WHEREAS, NSD timely appealed the Cease and Desist Order to the Vermont Superior Court pursuant to 8 V.S.A. § 3661, in the appeal styled *Nation Motor Club, Inc. v. State of Vermont, Department of Financial Regulation*, Case No. 662-10-13 (the "Litigation").

WHEREAS, as more fully addressed in the Litigation, NSD asserts that it did not engage in any violation of Vermont insurance laws or regulations.

WHEREAS, the Parties desire to resolve their dispute and settle this matter fully and completely by NSD's payment of a portion of the Department's administrative expenses, NSD's agreement to cease to offer Hospital Indemnity Benefits in Vermont, and NSD's agreement to include disclaimers to inform purchasers that Hospital Indemnity Benefits are not available in Vermont.

WHEREAS, the terms of this Settlement Agreement shall only apply to the Hospital

Indemnity Benefits as defined above that were the subject of this litigation, and shall not apply to any other NSD products.

THEREFORE, in consideration for the payments, releases, covenants, warranties, and mutual promises and agreements contained herein, as well as other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually stipulate and agree as follows:

1. **Recitals**: The Parties hereby acknowledge and incorporate the Recitals above as if restated herein.

2. **Dissolution of Cease and Desist Order and Dismissal of Litigation**: The Department agrees that the Cease and Desist Order is dissolved and is of no force and effect. The Department further agrees that it will not file administrative charges or other actions against NSD or its affiliates relating to the Hospital Indemnity Benefits included in NSD's Travel Club memberships, except to enforce the terms of the Settlement Agreement in the event of breach. NSD agrees that it will dismiss the Litigation.

Within ten (10) days of the Parties' execution of this Settlement Agreement, the Parties will file in the Litigation a joint Stipulation in the form attached hereto as Exhibit 1 dismissing the Litigation with prejudice, and the Parties will file in the Administrative Proceedings a joint Stipulation in the form attached as Exhibit 2 dissolving and dismissing the Cease and Desist Order with prejudice.

3. **Settlement Payment and Agreement Not To Issue Hospital Indemnity Products In Vermont**: Within 30 days of the Parties' filing of the Stipulation referenced in Paragraph 2, NSD shall:

(a) pay \$50,000 to the Department in partial reimbursement of the Department's expenses incurred in connection with the Administrative Proceedings and the Litigation. NSD's payment of such expenses does not constitute a fine or penalty;

and

(b) cease to offer the Hospital Indemnity Benefits in Vermont. Specifically, NSD shall state in its Travel Club Booklet; on all pages of its website that, like the Travel Club Booklet, provide a detailed description of the Hospital Indemnity Benefits; and in its Travel Program Enrollment Application that: "The offer of Hospital Indemnity Benefits is void in Vermont. Residents of Vermont are not eligible to enroll in Hospital Indemnity Benefits through the Travel Club."

4. **Mutual Release**: Subject to the full and complete satisfaction of all conditions set forth herein, the Department hereby releases, acquits and forever discharges NSD, its successors and its corporate affiliates, including all of their officers, directors, employees, and agents, from any and all claims, orders, judgments, actions, suits, causes of action, accountings, rights, damages, punitive damages, and interests, direct or derivative, known or unknown, choate or inchoate that the Department had, now has or may have against them relating to those claims asserted by it in the Cease and Desist Order and the Litigation arising out of the Hospital

Indemnity Benefits, and all claims arising out of or relating to the Travel Club at issue in this proceeding. Similarly, subject to the full and complete satisfaction of all conditions set forth herein, NSD hereby releases, acquits and forever discharges the Department, including its officers, employees, and agents, from any and all judgments, actions, suits, causes of action, accountings, rights, damages, punitive damages, and interests, direct or derivative, known or unknown, choate or inchoate that it had, now has, or may have against it relating to the Travel Club.

5. **No Admission of Liability.** This Agreement is not to be used or construed in any court or administrative proceeding of any nature as an admission, direct or indirect, of liability or wrongdoing whatsoever by NSD.

6. **Advice of Counsel:** The Parties acknowledge that they have had the advice of counsel and have consulted with an attorney before signing this Settlement Agreement; and that they have been afforded the opportunity to consider the terms of this Settlement Agreement for a reasonable period of time prior to their execution. The Parties further acknowledge that they have read this Settlement Agreement in its entirety; that they fully understand all of the terms and their significance; that they have signed voluntarily and of their own free will; and that they intend to abide by its provisions without exception.

7. **Applicable Law/Venue/Attorneys' Fees:** This Settlement Agreement shall be governed by and enforced in accordance with the laws of the State of Vermont. The Parties agree the provisions of this Settlement Agreement are specifically enforceable. In the event of any litigation arising from or related to this Settlement Agreement, venue shall be proper in Vermont Superior Court, and the prevailing party shall be entitled to recover all costs and reasonable attorney fees incurred.

8. **Construction:** This Settlement Agreement shall be deemed as a joint work product of all Parties and their respective counsel, and each Party shall be considered the drafter of this Settlement Agreement. Any rule of construction to the effect that ambiguities are construed against the drafting party shall not be applicable in any interpretation of this Settlement Agreement.

9. **Captions:** The captions of the provisions herein are intended for convenient reference only, and shall not be, nor be deemed to be, interpretative of the contents of such provision.

10. **Integration:** This Settlement Agreement sets forth the entire agreement between the Parties hereto, and fully supersedes any and all prior agreements or understandings, whether written or oral, between the Parties hereto pertaining to the subject matter hereof. This Settlement Agreement may only be altered or modified in writing with the signatures of all of the Parties.

11. **Execution of the Settlement Agreement:** This Settlement Agreement may be executed in counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same document. Facsimile and scanned signatures are effective hereunder. The Parties agree that this Settlement Agreement shall be effective only upon

execution by all of the Parties.

12. **Representation on Authority of Parties/Signatories:** Each person signing this Settlement Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Settlement Agreement. Each party represents and warrants to the other that the execution and delivery of the Settlement Agreement and the performance of such party's obligations hereunder have been duly authorized and that the Settlement Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

Dated at Montpelier, Vermont this 10 day of June, 2015.

VERMONT DEPARTMENT OF FINANCIAL REGULATION

Susan L. Donegan
Susan L. Donegan
Commissioner

Dated at Montpelier, Vermont this 4 day of June, 2015.

NATION MOTOR CLUB, LLC

By: [Signature]
(Print Name: Andrew Smith)
Title: President

STATE OF Florida) SS
COUNTY OF Lalor Beach

On the 4 day of June, 2015, personally appeared Andrew Smith, being the President and duly authorized representative of Nation Motor Club, LLC signer of the foregoing Settlement Agreement and acknowledged the same to be his/her free act and deed and the free act and deed of Nation Motor Club, LLC.

Before me, [Signature]
Notary Public
My commission expires 9-9-18



HOWARD GOLDFARB
MY COMMISSION # FF 122365
EXPIRES: September 9, 2018
Bonded Thru Budget Notary Services

EXHIBIT 1

STATE OF VERMONT

SUPERIOR COURT
Washington Unit

CIVIL DIVISION
Docket No. 662-10-13 Wnev

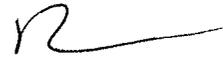
NATION MOTOR CLUB, INC.)
d/b/a NATION SAFE DRIVERS)
Appellant)
v.)
)
STATE OF VERMONT,)
DEPARTMENT OF FINANCIAL)
REGULATION)
Appellee)

STIPULATION OF DISMISSAL WITH PREJUDICE

NOW COME the parties to stipulate and agree, pursuant to Rule 41(a)(1)(ii) of the Vermont Rules of Civil Procedure, that the above entitled action shall be dismissed with prejudice.

DATED at Fort Lauderdale, Florida this 11 day of June, 2015.

HACKLEMAN, OLIVE, & JUDD, P.A.



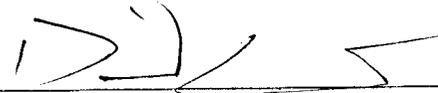
Robert S. Hackleman, Esq.
Helaina Bardunias, Esq.
2438 East Las Olas Boulevard
Fort Lauderdale, FL 33301
(954) 334-2250

Attorneys for Appellant

DATED at Montpelier, Vermont this 11 day of June, 2015.

VERMONT DEPARTMENT OF FINANCIAL

REGULATION



David R. Cassetty, General Counsel &
Special Assistant Attorney General
89 Main Street, 3rd Floor
Montpelier, VT 05602
Dave.Cassetty@state.vt.us
(802) 828-3301

Attorney for Appellee

Approved and So Ordered this _____ day of _____, 2015.

Presiding Judge

EXHIBIT 2

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

IN RE: NATION MOTOR CLUB, INC., d/b/a)
NATION SAFE DRIVERS,) DOCKET NO. 12-002-I
RESPONDENT)

STIPULATION OF DISMISSAL

NOW COME the parties to stipulate and agree that the Cease and Desist Order issued by the Commissioner of the Department of Financial Regulation in the above captioned proceeding shall be dissolved and dismissed with prejudice.

DATED at Montpelier, Vermont this 11 day of June, 2015.

VERMONT DEPARTMENT OF FINANCIAL
REGULATION



David R. Cassetty, General Counsel &
Special Assistant Attorney General
89 Main Street, 3rd Floor
Montpelier, VT 05602
Dave.Cassetty@state.vt.us
(802) 828-3301

Attorney for Petitioner

DATED at Fort Lauderdale, Florida this 11 day of June, 2015.

HACKLEMAN, OLIVE, & JUDD, P.A.



Robert S. Hackleman, Esq.
Helaina Bardunias, Esq.
2438 East Las Olas Boulevard
Fort Lauderdale, FL 33301
(954) 334-2250

Attorneys for Respondent