

**STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

In Re: Virginia Surety Company, Inc.

Docket No.: Ins. No. 10-028-EP

Consent Order and Settlement Agreement

This Consent Order and Settlement Agreement ("Consent Order") is made between the New Hampshire Insurance Department ("NHID") and Virginia Surety Company, Inc ("Virginia Surety"), the terms of which are as follows:

1. Virginia Surety is an Illinois corporation licensed to conduct insurance business in New Hampshire.
2. The NHID alleges that from November 2007 through March 2009, travel insurance offered through Virginia Surety was sold to New Hampshire residents. The insurance was offered under a group insurance policy (policy #HTP03177) filed and approved by the Illinois Department of Insurance. The policy was then issued to a travel services trust that allowed member travel agencies to sell the insurance to consumers who purchase tours.
3. The NHID alleges that, as a participating member of the travel services trust, Trafalgar Tours sold travel insurance policies to New Hampshire residents during the above stated period.
4. The NHID alleges that Virginia Surety, in violation of RSA 412:5, failed to file the relevant policy form for approval in New Hampshire prior to its sale.
5. The NHID and Virginia Surety have agreed to enter into this Consent Order to resolve all issues related to the above stated matters.

WHEREFORE, upon consent of the NHID and Virginia Surety, it is hereby agreed and ordered:

A. The foregoing recitals are hereby adopted, incorporated and made a part of this Consent Order.

B. Virginia Surety waives the statutory right to an adjudicatory hearing on this matter.

C. Virginia Surety agrees to comply with all insurance laws of the State of New Hampshire, including, but not limited to, all provisions of Chapter 412 of the New Hampshire Revised Statutes.

D. Virginia Surety further agrees to pay to NHID the amount of \$20,000 in final settlement of the allegations described in this Consent Order. Payment in full of said amount shall be payable upon Virginia Surety's execution of this Consent Order. The settlement check shall be made payable to: "Treasurer, State of New Hampshire."

E. By entering into this Consent Order, Virginia Surety is not admitting any of the allegations set forth herein. Virginia Surety is entering this Consent Order for the sole purpose of purchasing the peace and avoiding any further administrative proceedings in connection with the allegations set forth herein.

F. By entering into this Consent Order, the NHID and Virginia Surety intend to resolve all issues relating to the above mentioned matters. This Consent Order shall be deemed a complete settlement and full and final resolution, and is in lieu of any other action that could have been brought by the NHID relating to matters disclosed herein. Provided however, notwithstanding the foregoing, the NHID may take any and all

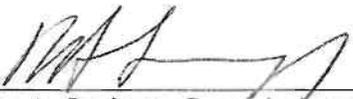
appropriate actions should Virginia Surety violate any provision of the State's insurance laws in the future.

G. This Order shall be fully enforceable in any Superior Court in the State of New Hampshire.

IT IS SO ORDERED.

NEW HAMPSHIRE INSURANCE DEPARTMENT

Date: 5-11-10



Roger A. Sevigny, Commissioner

VIRGINIA SURETY COMPANY, INC.

Date: 5/28/10



(print name and title) SVP, General Counsel + Corp Sec.