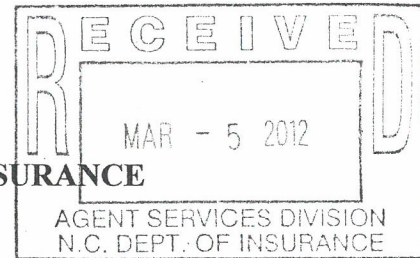


**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**



STATE OF NORTH CAROLINA)	BEFORE THE COMMISSIONER
COUNTY OF WAKE)	OF INSURANCE
)	
IN THE MATTER OF)	
OF JOHN A. LOGAN)	VOLUNTARY SETTLEMENT
AND SAFEGUARD GUARANTY)	
CORPORATION)	AGREEMENT
)	

NOW COME John A. Logan [hereinafter, "Mr. Logan"], Safeguard Guaranty Corporation [hereinafter, "Safeguard Guaranty"] and the North Carolina Department of Insurance [hereinafter "the Department"], by and through Senior Deputy Commissioner Angela Ford, and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement, hereinafter "this document":

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State, including Article 28 of Chapter 58, and for regulating and licensing insurance agents and bail bondsmen;

WHEREAS, Mr. Logan holds a resident Casualty producer license issued by the Department;

WHEREAS, since at least 2005, Mr. Logan has been promoting the development of an insurance product intended to protect against the risk of financial loss as a result of divorce proceedings;

WHEREAS, Mr. Logan initially promoted the development of a divorce insurance product to potential investors through a Nevis corporation named Safeguard Guaranty Corporation [hereinafter, the Nevis corporation shall be referred to as "SGC"] and a North Carolina corporation named Safeguard Guaranty Corporation Operations, Inc. [hereinafter, "SGCO"]. SGC was incorporated in Nevis in July 2005. SGCO was incorporated in North Carolina on November 22, 2005. Mr. Logan was the Chief Executive Officer of SGC and SGCO and operated both corporations from an office in Apex, North Carolina;

WHEREAS, Mr. Logan created and established a website named safeguardguaranty.com in order to promote the development of the divorce insurance product and solicit potential investors in his company;

WHEREAS, Mr. Logan submitted an example of a SGC Marriage Assurance policy to the Department in September 2007 and requested that the Department advise as to whether SGC

falls under the Department's jurisdiction;

WHEREAS, the Department informed Mr. Logan on October 1, 2007 that SGC and the proposed Marriage Assurance policy are subject to North Carolina insurance laws and regulations. The Department also advised Mr. Logan that SGC will need to be licensed as an insurance company by the Department and that any insurance policies offered by it will need to be filed with and approved by the Department prior to SGC soliciting or placing any policies in North Carolina or elsewhere;

WHEREAS, SGC never applied to the Department for licensure as an insurance company and never filed the Marriage Assurance policy with the Department;

WHEREAS, Mr. Logan, as CEO of SGC, entered into an Underwriting and Program Producers Agreement in February 2010 with Prime Insurance Company [hereinafter, "Prime Insurance"], an authorized surplus lines insurer in North Carolina. Pursuant to the agreement, Prime Insurance marketed the divorce insurance product, known as "Wedlock Divorce Insurance" through its surplus lines brokerage named Evolution Insurance Brokers;

WHEREAS, Mr. Logan created and established a website named wedlockdivorceinsurance.com in February 2010 and wedlockdivorceinsurance.co.uk in April 2010 to market the Wedlock Divorce Insurance product offered through Prime Insurance and to solicit investors. Mr. Logan and SGC also posted information regarding the Wedlock Divorce Insurance on safeguardguaranty.com and solicited interested individuals to click on links to wedlockdivorceinsurance.com for more information or to model a policy;

WHEREAS, SGCO was dissolved effective August 25, 2010. Mr. Logan filed articles of incorporation for a new U.S. company named Safeguard Guaranty Corporation [hereinafter, "Safeguard Guaranty"] in the state of Delaware on August 26, 2011. Mr. Logan is Safeguard Guaranty's Chairman and Chief Executive Officer and operates Safeguard Guaranty from an office located in his home in Kernersville, North Carolina. SGC (the Nevis corporation) was then dissolved on December 31, 2011. After SGCO and SGC were dissolved, Mr. Logan continued to promote the development of a Safeguard Guaranty divorce insurance product and to solicit investors through safeguardguaranty.com, wedlockdivorceinsurance.com, and other means;

WHEREAS, Prime Insurance notified SGC in December 2010 that it was going to terminate its agreement with SGC effective February 2011. During the term of the agreement, Prime Insurance sold 5 divorce insurance policies in 5 states, not including North Carolina. Upon termination of its agreement with SGC, Prime Insurance cancelled these 5 policies and refunded the premiums which it collected from those policyholders;

WHEREAS, Mr. Logan continued to advertise the availability of Wedlock Divorce Insurance via the internet through wedlockdivorceinsurance.com and safeguardguaranty.com after the termination of the agreement with Prime Insurance in February 2011;

WHEREAS, the Department received information indicating that the availability of Wedlock Divorce Insurance was still being advertised through the internet in May 2011. At that time, the Chief Examiner in the Unlicensed Plan Investigations unit of the Department's Consumer Services Division observed that wedlockdivorceinsurance.com falsely stated that the insurance is "underwritten by authorized surplus lines insurers that vary by the geography of the insured." The website also stated that "Wedlock Divorce Insurance is marketed in the United States by Safeguard Guaranty Corporation (<http://www.safeguardguaranty.com/>) For information on the specific insurance provider where you reside, contact us at info@safeguardguaranty.com";

WHEREAS, on July 5, 2011, Agent Services sent Mr. Logan a letter informing him that it had received allegations that wedlockdivorceinsurance.com is advertising the sale of divorce insurance although there is no company to underwrite the product. In the letter, Agent Services also informed Mr. Logan that the Department considered such advertisement to be an unfair and deceptive trade practice in the business of insurance in violation of N.C.G.S. ' 58-63-10 and requested that Mr. Logan immediately remove the information soliciting the purchase of the product from wedlockdivorceinsurance.com;

WHEREAS, Mr. Logan responded to Agent Services' request via e-mail on July 12, 2011. In his e-mail, Mr. Logan did not offer to remove the information soliciting the purchase of the product from wedlockdivorceinsurance.com. Mr. Logan stated that SGC was "in transition to a new underwriter" and that SGC preferred to keep the website up due to the information and tools it provides for people considering divorce;

WHEREAS, Mr. Logan also stated in his July 12, 2011 response that wedlockdivorceinsurance.com's registration page provided "clear notice" that the insurance is not available to anyone in North Carolina and that although "the general public may read about the insurance policies, right now, our website does not allow anyone in ANY location to complete an insurance application at this time." Mr. Logan further stated that he would be happy to make any temporary changes to the website as the Department deemed necessary to ensure compliance with NC insurance laws;

WHEREAS, on July 19, 2011, Agent Services requested that Mr. Logan take down wedlockdivorceinsurance.com until such time as he has an approved carrier and product to market in the state or states the product is to be offered;

WHEREAS, in response to Agent Services' request, Mr. Logan informed Agent Services via e-mail on July 19, 2011 that SGC would disable wedlockdivorceinsurance.com by the end of the week;

WHEREAS, Agent Services wrote Mr. Logan on July 27, 2011 to confirm receipt of his response and inform him that his disablement of wedlockdivorceinsurance.com resolved Agent Services' concerns at that time;

WHEREAS, on August 24, 2011, Mr. Logan informed Agent Services via e-mail that wedlockdivorceinsurance.com had been reloaded. In his August 24, 2011 e-mail, Mr. Logan reiterated that "because we're still in transition between underwriters, all the pages that provide access to any quotes or any other information related to detailed policy information and costs, getting a quote and/or purchasing a policy are disabled";

WHEREAS, Mr. Logan further stated in his August 24, 2011 e-mail to Agent Services that "no one could possibly be misled into assuming that policies are currently available in any State" because wedlockdivorceinsurance.com users who click on links to pages that once provided access to quotes or other policy information are now directed to a webpage informing them that this information is not available while SGC is "in transition to a new A rated insurance carrier in the US";

WHEREAS, Agent Services reiterated its request to disable the website via e-mail to Mr. Logan on August 25, 2011;

WHEREAS, Mr. Logan informed Agent Services via e-mail on August 25, 2011 that Safeguard Guaranty does not believe that wedlockdivorceinsurance.com as reconfigured violates any North Carolina statute and requested Agent Services to reconsider its position;

WHEREAS, Department representatives reviewed the web pages of wedlockdivorceinsurance.com and safeguardguaranty.com in November and December 2011 in order to confirm Mr. Logan's August 24, 2011 representations;

WHEREAS, Department representatives observed that the Wedlock Divorce Insurance product still appeared to be available through the internet on wedlockdivorceinsurance.com and safeguardguaranty.com in November and December 2011, contrary to Mr. Logan's representations in his August 24, 2011 e-mail;

WHEREAS, Department representatives were able to access pages that provide information related to detailed policy information and costs, getting a quote and/or policy purchase information through wedlockdivorceinsurance.com and safeguardguaranty.com in November and December 2011. Department representatives were also able to obtain quotes from wedlockdivorceinsurance.com's registration page for policies to be issued in a number of states, including North Carolina and several other states in which the insurance was purportedly unavailable;

WHEREAS, Department representatives also observed in November and December 2011 that safeguardguaranty.com's home page falsely stated that "Safeguard Guaranty, in partnership with Surplus Lines Underwriters, is the first company in the world to offer Wedlock Divorce Insurance." The home page also instructed interested individuals to click on The Wedlock Divorce Insurance logo or link to wedlockdivorceinsurance.com for more information on the insurance. Other pages of safeguardguaranty.com contained additional information

regarding Wedlock Divorce Insurance and links to wedlockdivorceinsurance.com;

WHEREAS, Department representatives observed in November and December 2011 that wedlockdivorceinsurance.com's "Learn More" page stated that "Wedlock Divorce Insurance policies are marketed in the United States by Safeguard Guaranty Corporation For information on the specific insurance provider where you reside, contact us at info@safeguardguaranty.com";

WHEREAS, Department representatives observed in November and December 2011 that wedlockdivorceinsurance.com contained the following false and misleading statements regarding the availability of Wedlock Divorce Insurance:

1. "Wedlock Divorce Insurance is marketed worldwide by Safeguard Guaranty Management, Inc., a division of Safeguard Guaranty Corporation Operations, Inc., a wholly owned subsidiary of Safeguard Guaranty Corporation."
2. "Wedlock Divorce Insurance is underwritten by authorized surplus lines insurers that vary by the geography of the insured. To find out more about the underwriter in your locale, contact Safeguard Guaranty Corporation."
3. "Wedlock Divorce Insurance policies are underwritten by different insurance companies depending on where you live. For more information about the insurance companies that stand behind the Wedlock Divorce Insurance policies, contact us at info@safeguardguaranty.com";

WHEREAS, the first statement was false and misleading because Safeguard Guaranty Management, Inc. never even existed, Safeguard Guaranty Corporation Operations, Inc. had already been dissolved, and Wedlock Divorce Insurance was not being marketed worldwide;

WHEREAS, the second statement, which appeared on the Welcome Page and a log-in page for obtaining product quotes, was false and misleading because there were no authorized surplus lines insurers underwriting the Wedlock Divorce Insurance product;

WHEREAS, the third statement, which appeared on the FAQs page, was false and misleading since there were no insurance companies underwriting the Wedlock Divorce Insurance product;

WHEREAS, Agent Services sent a letter to Mr. Logan on December 12, 2011 which outlined allegations against his agent's license and requested that he attend an informal conference to discuss the allegations with Agent Services;

WHEREAS, Mr. Logan responded to Agent Services' letter via e-mail on December 13, 2011. In his response, Mr. Logan represented that: (a) he immediately and completely disabled

wedlockdivorceinsurance.com after receiving notice via Agent Services' December 12, 2011 letter, (b) he would keep wedlockdivorceinsurance.com down pending resolution of this matter with Agent Services, (c) wedlockdivorceinsurance.com is now redirected to a page which describes the situation, and (d) wedlockdivorceinsurance.com users were now only permitted to have access to pages that have no insurance information whatsoever;

WHEREAS, Mr. Logan also stated in his December 13, 2011 response that changes had been made to correct erroneous and/or inaccurate information on safeguardguaranty.com which Agent Services identified in its December 12, 2011 letter, including, but not limited to the addition of: (a) a notice at the bottom of the home page stating that "During our transition to an A Rated carrier in the U.S., Wedlock Divorce Insurance is NOT available in the United States" and (b) a paragraph on the Disclaimer Page stating that "Omega Risk Management, Inc. our insurance underwriter is a Class B insurance company licensed in Anguilla. [It] is not authorized to do business in any U.S. State. While we are in transition between insurance carriers in the United States, no policies may be sold or issued in the United States and documentation on any U.S. websites is for historic and/or informational purposes only;"

WHEREAS, Department representatives confirmed in January 2012 that Mr. Logan had dismantled wedlockdivorceinsurance.com and that safeguardguaranty.com had been revised as Mr. Logan indicated in his December 13, 2011 response. However, they also observed that the disclaimer regarding unavailability of policies to U.S. residents was posted at the bottom of the safeguardguaranty.com's home page after the statement "Safeguard Guaranty Corporation, in partnership with Omega Risk Management, Inc., is now the first company in the world to offer Divorce Insurance" and the Wedlock Divorce Insurance name, logo and website link;

WHEREAS, statements on safeguardguaranty.com regarding Omega Risk Management, Inc., an Anguilla captive, were false and misleading because Safeguard Guaranty was not offering divorce insurance either inside or outside the U.S.;

WHEREAS, Department representatives also observed in January 2012 that safeguardguaranty.com contained a page with information about wedlock divorce insurance and solicited interested individuals to visit wedlockdivorceinsuranceeco.uk to "find out more or model a policy." The appearance and content of wedlockdivorceinsuranceeco.uk was very similar to wedlockdivorceinsurance.com. Although wedlockdivorceinsuranceeco.uk indicated that the policies were available worldwide with the exception of the United States, Department representatives were able to register as U.S. residents and to obtain policy quotes on wedlockdivorceinsuranceeco.uk;

WHEREAS, Mr. Logan and Safeguard Guaranty violated N.C.G.S. ' ' 58-28-5 and 58-28-13 by soliciting individuals to apply for divorce insurance through wedlockdivorceinsurance.com and safeguardguaranty.com from an office in North Carolina when Safeguard Guaranty has not been issued a certificate of authority to do so from the Commissioner of Insurance in North Carolina and the divorce insurance product is not actually underwritten by either (a) an insurer which is duly licensed as an insurer in the states in which

the product is being offered and which has filed the product with and obtained approval of the product from those state insurance regulators or (b) an insurer which is an eligible surplus lines insurer under the surplus lines laws of the states in which the product is being offered;

WHEREAS, the Department alleges that Mr. Logan and Safeguard Guaranty either knew or should have known that the solicitation of individuals to apply for divorce insurance under the circumstances described above violates N.C.G.S. ' ' 58-28-5 and 58-28-13;

WHEREAS, Mr. Logan's agent license is subject to suspension or revocation for his violations of N.C.G.S. ' ' 58-28-5 and 58-28-13;

WHEREAS, Mr. Logan and Safeguard Guaranty are subject to civil penalties under N.C.G.S. ' 58-28-13(g) for their violations of ' ' 58-28-5 and 58-28-13;

WHEREAS, Mr. Logan used coercive and dishonest practices and demonstrated incompetence or untrustworthiness in the conduct of business in this State or elsewhere by:

- (a) Publishing false and misleading statements on wedlockdivorceinsurance.com and safeguardguaranty.com regarding Safeguard Guaranty Corporation and the availability of a divorce insurance product purportedly offered by Safeguard Guaranty Corporation.
- (b) Transacting insurance business in violation of N.C.G.S. ' ' 58-28-5 and 58-28-13.
- (c) Publishing false and misleading statements on wedlockdivorceinsurance.com and safeguardguaranty.com in order to solicit investors in Safeguard Guaranty;

WHEREAS, the Department alleges that Mr. Logan used fraudulent practices in the conduct of business in this State or elsewhere by publishing false and misleading statements on wedlockdivorceinsurance.com and safeguardguaranty.com regarding Safeguard Guaranty Corporation and the availability of a divorce insurance product purportedly offered by Safeguard Guaranty Corporation;

WHEREAS, the Department alleges that Mr. Logan made false and misleading statements to the Department regarding the content and configuration of wedlockdivorceinsurance.com and safeguardguaranty.com;

WHEREAS, Mr. Logan's agent license is subject to suspension or revocation under N.C.G.S. ' 58-33-46(a)(8) for using coercive and dishonest practices and demonstrating incompetence or untrustworthiness in the conduct of business;

WHEREAS, the Department alleges that Mr. Logan's agent license is subject to

suspension or revocation under N.C.G.S. ' 58-33-46(a)(8) for using fraudulent practices in the conduct of business and for making false and misleading statements to the Department;

WHEREAS, Mr. Logan's agent license is subject to suspension or revocation under N.C.G.S. ' 58-33-46(a)(2) for violations of N.C.G.S. ' ' 58-28-5 and 58-28-13;

WHEREAS, Mr. Logan's agent license is subject to suspension or revocation under N.C.G.S. ' 58-33-46(a)(12a) for soliciting insurance in this State for an unauthorized insurer;

WHEREAS, Mr. Logan attended an informal conference to discuss allegations against his license with Agent Services on January 19, 2012;

WHEREAS, Mr. Logan told Agent Services that Safeguard Guaranty had not actually sold any policies since December 2010 and that Safeguard Guaranty has merely been gathering the names and contact information of individuals interested in purchasing divorce insurance in the event that it finds a licensed insurer to underwrite the product in the United States;

WHEREAS, in lieu of administrative proceedings to revoke Mr. Logan's license under Article 33 of Chapter 58 and administrative action against Mr. Logan and Safeguard Guaranty under Article 28 of Chapter 58, Mr. Logan and Safeguard Guaranty agree that they will:

- (1) Immediately and completely dismantle all websites regarding Wedlock Divorce Insurance previously established by Mr. Logan and Safeguard Guaranty and keep those websites down unless and until Safeguard Guaranty has a licensed insurer to underwrite the divorce insurance in the United States;
- (2) Remove all references to Wedlock Divorce Insurance from safeguardguaranty.com which may have a tendency to mislead individuals into believing that the product is currently available anywhere;
- (3) Remove any and all references to Omega Risk Management, Inc. from safeguardguaranty.com;
- (4) Submit any other future revisions to the content of safeguardguaranty.com to the Department for prior review and approval;
- (5) Submit the content of any other website pertaining to insurance that Safeguard Guaranty and/or Mr. Logan may develop in the future to the Department for prior review and approval before launching such website on the internet;
- (6) Never make any statements regarding insurance through use of the internet or any other form of communication which tends to indicate that Safeguard Guaranty, on its own or in partnership with any other entity, is offering any insurance product in any state in the United States unless Safeguard Guaranty is in fact offering the

product in said states and (a) such insurance product is in fact underwritten by an insurer which is duly licensed as an insurer in the states in which the product is represented to be available and the product has been filed with and approved by the insurance regulators of those states or (b) such insurance product is in fact underwritten by a surplus lines insurer which is eligible under the laws governing surplus lines insurance applicable to each of the states in which the product is represented to be available;

- (7) Never make any statement through the use of the internet or any form of communication which tends to indicate that Safeguard Guaranty, on its own or in partnership with any other entity, is offering any insurance product "worldwide" unless Safeguard Guaranty is in fact offering the insurance product in every country in the world and is doing so in compliance with all applicable laws; and
- (8) Comply in all respects with N.C.G.S. ' ' 58-28-5 and 58-28-13;

WHEREAS, Mr. Logan and Safeguard Guaranty further agree that if they breach any of the provisions set forth in paragraphs (1) through (8) above, or if the Department obtains any evidence sufficient to show that Mr. Logan and/or Safeguard Guaranty sold any divorce insurance policies in violation of N.C.G.S. ' ' 58-28-5 and 58-28-13 prior to the execution of this Agreement, the Department may, in its discretion, void this Agreement and:

- (a) Initiate administrative proceedings against Mr. Logan's agent license for the violations of N.C.G.S. ' ' 58-28-5, 58-28-13, and 58-63-10, fraudulent, coercive, and dishonest practices, and conduct demonstrating incompetence or untrustworthiness described in this Agreement; and/or
- (b) Initiate administrative proceedings as authorized under Article 28 of Chapter 58 for an order restraining Mr. Logan, Safeguard Guaranty, and any other responsible parties from further violating N.C.G.S. ' ' 58-28-5 and 58-28-13 and imposing penalties for prior violations thereof;

WHEREAS, pursuant to N.C.G.S. ' 58-2-70(g), the Commissioner of Insurance and the Department have the express authority to negotiate a mutually acceptable agreement with any person as to the status of the person's license or certificate or as to any civil penalty or restitution;

WHEREAS, pursuant to N.C.G.S. ' 58-28-13(j), the Commissioner of Insurance and the Department have the express authority to negotiate a mutually acceptable agreement with any person as to any civil penalty or restitution;

WHEREAS, Mr. Logan and Safeguard Guaranty have 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. Logan

and Safeguard Guaranty as long as they remain compliant with the terms set forth in paragraphs (1) through (8) above of this Agreement;

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing concerning this matter; and

WHEREAS, the parties to this document have reached a mutually agreeable resolution of this matter as set out in this Voluntary Settlement Agreement.

NOW, THEREFORE, in exchange for the consideration of the promises and agreements set out herein, the Department, Mr. Logan, and Safeguard Guaranty hereby agree to the following:

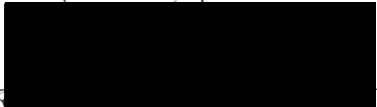
1. Mr. Logan agrees to comply with all statutory and regulatory requirements applicable to insurance agents in this State.
2. Mr. Logan and Safeguard Guaranty agree to comply with the provisions of Article 28 of Chapter 58, including N.C.G.S. ' ' 58-28-5 and 58-28-13.
3. Mr. Logan and Safeguard Guaranty agree to comply with the provisions of paragraphs (1) through (8) of this Agreement.
4. This Agreement does not in any way affect the Department's disciplinary power in any future actions, cases or complaints involving Mr. Logan.
5. The parties to this document agree that the Superior Court of Wake County shall be the venue for any actions seeking to enforce this document.
6. If, for any reason, any part or provision of this document is found to be void or unenforceable, the other parts and provisions shall remain in full force and effect.
7. The parties to this document have read and understand this document and agree to abide by the terms and conditions contained herein.
8. This Agreement, when finalized, will be a public record and is not confidential. Any and all licenses issued by the Department to the licensee shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. 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.
9. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Logan understands that N.C.G.S. ' 58-33-46(a)(2) provides that an agent's license may be revoked for

violating an Order of the Commissioner.


10. Mr. Logan voluntarily waives any right to notice of an administrative hearing and any right to a hearing on the violations and disciplinary action referenced in this Settlement Agreement. Mr. Logan also waives any right to appeal and agrees not to challenge the validity of this Settlement Agreement in any way.
11. Safeguard Guaranty voluntarily waives any right to notice of an administrative hearing and any right to a hearing on the violations referenced in this Agreement. Safeguard Guaranty also waives any right to appeal and agrees not to challenge the validity of this Agreement in any way.
12. The promises, agreements, representations and consideration contained herein are not mere recitals but are contractual in nature.
13. This written document contains the entire agreement between the Parties. There are no other oral or written agreements of any kind that alter or add to this agreement.


John A. Logan

Date: 2/27/2012


Safeguard Guaranty Corporation
By John A. Logan
President and Chief Executive Officer

Date: 2/27/2012


North Carolina Department of Insurance
By Angela K. Ford
Senior Deputy Commissioner

Date: March 8, 2012