

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
STEVEN ALAN STANDRIDGE
LICENSE NO. 18967**

A.I.D. NO. 2010-031

EMERGENCY SUSPENSION ORDER

On this day, the emergency matter of Steven Alan Standridge (“Respondent”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). The Arkansas Insurance Department (“Department”) was represented by Amanda Capps Rose, Associate Counsel, and the Finance Division in this matter. From the facts and law before the Commissioner, he finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103. The Commissioner has the authority to issue an emergency license suspension pursuant to Ark. Code Ann. §§ 23-64-216(e) and 25-15-211(c).

2. Respondent is licensed to write accident, health and sickness, casualty, farm mutual aid, life, marine, variable products, motor club, property, and surety insurance and holds Arkansas Resident Producer License No. 18967.

3. Respondent’s primary business address is 134 South George Street, Mount Ida, Arkansas 71957. Respondent and his family own Steve Standridge Insurance, Inc., which owns and operates approximately eleven (11) insurance agencies in the State of Arkansas. Respondent is the Chairman of the Board and Chief Executive Officer of Gibraltar National Insurance Company (“Gibraltar”), an Arkansas domestic insurer.

4. On September 29, 2009, a Ratification and Written Consent of the Shareholders and Board of Steve Standridge Insurance, Inc. (“Board Consent”) was executed and shows the

signatures of the five board members and shareholders: Steve Standridge, Jared Standridge, Alisha Pollock, Mark Blackburn, and Richard Miley. Mr. Blackburn is the Chief Operating Officer of State Auto Insurance Companies. Mr. Miley is the president of Broadstreet Capital Partners, Inc., which is owned by State Automobile Insurance Company.

5. The Board Consent states that the proceeds of a January 23, 2009 four million dollar (\$4,000,000.00) personal loan to Steve and Debbie Standridge used to purchase Gibraltar were deposited in the form of certificates of deposit in the name of Gibraltar. It further states that all business assets of Steve Standridge Insurance, Inc. were pledged as collateral for the personal loan. Finally, the Board Consent states that the pledge of the agency assets as collateral was “done with the knowledge, approval, and consent of the Board and Shareholders of SSI and are hereby approved and ratified.”

6. On February 12, 2010, the Department discovered that approximately four million dollars (\$4,000,000.00) of Gibraltar’s assets, held in two certificates of deposit, were pledged as collateral for the personal loan from First Service Bank to Steve and Debbie Standridge.

7. On or about February 17, 2010, the Respondent endorsed the two certificates of deposit for withdrawal and instructed First Service Bank to apply the funds in satisfaction of his personal loan. Respondent was not an authorized signatory as required for withdrawal of the funds.

8. On or about February 17, 2010, Steve Standridge Insurance, Inc. obtained a loan from First Arkansas Bank and Trust for approximately four million dollars (\$4,000,000.00) to restore the assets to Gibraltar and purchased approximately four million dollars (\$4,000,000.00) in certificates of deposit at the same financial institution in the name of Gibraltar. Respondent then represented to Gibraltar’s Board of Directors that the assets of Gibraltar had been restored and were unencumbered and not pledged as collateral for any indebtedness.

9. On or about February 18, 2010, the Board of Directors of Gibraltar learned that the new certificates of deposit were, in fact, pledged as collateral for the loan from First Arkansas Bank and Trust. At the time of entry of this Emergency Suspension Order, the funds remain pledged as collateral for the loan.

10. On February 18, 2010, the Department received written confirmation from First Arkansas Bank and Trust that the certificates of deposit represented the only collateral pledged for the loan to Steve Standridge Insurance, Inc.

11. On February 24, 2010, the President of the Bank of Star City requested a meeting with Department personnel regarding the Respondent.

12. On February 25, 2010, the Department consulted with Richard Miley and learned that he did not sign the Board Consent. On March 1, 2010, the Department received confirmation that Mark Blackburn did not sign the Board Consent.

13. In or around June, 2009, the Respondent approached the Bank of Star City regarding handling premium financing for his clients. The Bank of Star City agreed to try one such arrangement. Respondent provided an executed copy of a Premium Finance Agreement, signed by his client, as debtor, and by him, as a guarantor. The Bank of Star City never received a copy of the policy.

14. Upon information and belief, all payments that were made on the Premium Finance Agreement came from the Respondent or his agency. The most recent payments were not received by the bank, causing the bank's President to contact the general agent that placed the coverage. He then learned that the policy had been cancelled six months prior, on August 23, 2009, and that the Bank of Star City was not shown anywhere on the policy.

15. The President of the Bank of Star City attempted to contact the Respondent, but has been unable to reach him and messages went unreturned. Approximately four hundred thirty thousand dollars (\$430,000.00) is due and owing to the bank.

16. On February 26, 2010, the Bank of Star City filed a lawsuit against, *inter alia*, Steve Standridge and Steve Standridge Insurance, Inc. in the Circuit Court of Lincoln County.

17. On or about February 24, 2010, the Arkansas State Bank Department contacted personnel of the Department to warn of suspicious activity involving the Respondent, in addition to the matter concerning the Bank of Star City.

18. The Department needs additional time to investigate the actions of the Respondent and seeks to suspend his license pending the resolution of the Department's investigation.

19. The public health, safety, and welfare imperatively require emergency action.

CONCLUSIONS OF LAW

From the Findings of Fact contained herein, the Commissioner concludes as follows:

20. Respondent's misrepresentations under oath and presentation of inaccurate hearing exhibits regarding his family's ownership interest in Steve Standridge Insurance, Inc. constitute dishonest practices and demonstrate incompetence, untrustworthiness, and a lack of good personal and business reputation, all of which are grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

21. With regard to the forged signature or signatures of the independent board members on the Board Consent, forging another's name to any insurance-related document is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(10). Further, such conduct constitutes a dishonest practice and demonstrates untrustworthiness and a lack of good personal and business reputation, all of which

are grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

22. Respondent pledged Gibraltar's assets for a personal loan, then for a loan to Steve Standridge Insurance, Inc., causing those assets to be non-admitted for purposes of calculating Gibraltar's capital and surplus pursuant to SSAP No. 87, incorporated in the Arkansas Insurance Code pursuant to Ark. Code Ann. § 23-63-613. The pledging of an insurer's assets to guarantee a personal debt is a violation of Ark. Code Ann. § 23-69-109. Violation of any insurance law is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(2).

23. The Respondent's representation to Gibraltar's Board of Directors that the assets in Gibraltar's name that were held at First Arkansas Bank and Trust were unencumbered when they were pledged as collateral for a loan to Steve Standridge Insurance, Inc. demonstrates untrustworthiness, financial irresponsibility, and a lack of good personal and business reputation, all of which are grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

24. The assertions made by both the Bank of Star City and the Arkansas State Bank Department demonstrate a lack of good personal and business reputation, which is grounds for probation, suspension, or revocation of an insurance producer's license pursuant to Ark. Code Ann. § 23-64-512(a)(8).

25. For the public health, safety, and welfare of the people of this State, the Commissioner concludes that the Respondent's Arkansas Resident Producer License No. 18967 is immediately and summarily suspended pending an administrative hearing pursuant to Ark. Code Ann. § 23-64-216(e). If an administrative hearing is requested, the Department will seek revocation of the Respondent's producer license and additional administrative penalties.

26. An administrative hearing will be promptly instituted upon the written request of the Respondent, which must be received within thirty (30) days of the date of this Emergency Suspension Order. If such a request is not received within said timeframe, the Respondent's Arkansas Resident Producer License will be revoked and other administrative penalties and sanctions may be ordered.

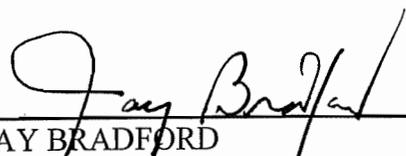
27. The Commissioner and the Department reserve the right to amend the allegations, findings and conclusions set forth herein and further reserve the right to present additional allegations and evidence in any subsequent order or an administrative hearing.

IT IS THEREFORE ORDERED AS FOLLOWS:

1. Respondent's Arkansas Resident Producer License No. 18967 is hereby suspended.

2. During the pendency of the Department's investigation and until further order of the Commissioner, Respondent shall not sell, solicit, or negotiate any class or line of insurance in the State of Arkansas.

IT IS SO ORDERED THIS 2nd day of March, 2010.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS