

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

**IN THE MATTER OF
STEVE STANDRIDGE INSURANCE, INC.
LICENSE NO. 231531**

A.I.D. 2010-032

ORDER OF SUPERVISION

Now on this day, the matter of Steve Standridge Insurance, Inc. ("SSI"), an Arkansas domestic corporation, licensed as an insurance agency by the Arkansas Insurance Department ("Department"), comes before Jay Bradford, Insurance Commissioner for the State of Arkansas ("Commissioner"). The Commissioner makes the following findings:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and the subject matter herein. Pursuant to Ark. Code Ann. § 23-64-216(c), the license of a firm, limited liability company, or corporation may be suspended, revoked, or refused for any of such causes as relate to any individual designated in the license to exercise its powers.
2. SSI is an Arkansas corporation licensed to conduct business as an insurance agency by the Department. SSI is also licensed to do business as Arkansas Valley Agency, Inc. SSI's last reported address is P.O. Box 555, Mount Ida, Arkansas 71957. SSI was licensed by the Department as an insurance agency on or about January of 2002. SSI is authorized to sell and transact multiple lines of insurance in this State

including accident, health and sickness, casualty, credit insurance, farm mutual aid, life, marine, motor club, property and surety. Steve Standridge ("Standridge") is an officer of SSI and is listed as President of SSI, in state corporation filings.

3. Based upon information obtained by or provided to the Department on or about February 24, 2010, Standridge solicited and caused to be presented a premium financing agreement or loan arrangement for approximately \$846,311.00 dollars with the Bank of Star City, a banking corporation located in Star City, Arkansas ("Bank"). Based upon information obtained by or provided to the Department, Standridge, or a person or persons under his direction and control, obtained the funds from the premium financing loan from the Bank to finance insurance premium for a commercial property policy for a company in Camden, Arkansas. Based upon information obtained by or provided to the Department, a policy or policies were issued in November of 2008 by RSUI Indemnity Company with a participating policy issued by Chubb Group of Insurance Companies, to cover or insure the period from November 1, 2008 until November 1, 2009. The policy with RSUI was eventually cancelled on or about August 23, 2009. The Bank was not notified of any cancellation of the policy, and Standridge, or an entity under his direction and control, retained or refused to return to the Bank any unearned premium. Based upon information obtained by or provided to the Department, Standridge or a person or persons or

entities under his control has improperly retained or kept approximately \$429,717.53 in premium loan funds. On or about February 26, 2010, the Bank filed suit against SSI and Steve Standridge, and the insured following delinquency in the payment of the premium financing arrangement in the Circuit Court of Lincoln County, Arkansas, No. LCV-2010-23-2.

4. On or about August of 2009, Standridge caused to be presented to the Department, during a financial review by the Department of the purchase by SSI of Gibraltar National Insurance Company ("Gibraltar"), a misleading document or documents related to the funding of the SSI purchase of Gibraltar. Specifically, Standridge or a person or persons under his control, provided to the Department, a commercial note document or attachment, purportedly executed or prepared by First Service Bank, which did not accurately describe that First Service Bank had collateralized and taken a security interest and encumbrance on certificates of deposit actually owned by Gibraltar. The Gibraltar certificates of deposits were used as a pledge to partly collateralize a loan issued by First Service Bank to Standridge and his wife for the purpose of funding the purchase of Gibraltar by SSI. Standridge or a person under his direction and control misrepresented or caused to be misrepresented to the Department that the funding of the purchase of Gibraltar by SSI would not involve encumbering any assets of Gibraltar.

5. At or about the time of this Order, the individual producer's license of Standridge has been suspended on an emergency basis for the reasons set out in that Order.

CONCLUSIONS OF LAW

1. Pursuant to Ark. Code Ann. § 23-64-512(a)(4), the Commissioner may place on probation, suspend, revoke, modify, refuse to issue, or renew an insurance producer's license, or levy a civil penalty, with any combination of actions, if an insurance producer improperly withholds moneys or properties received in the course of doing insurance business. Pursuant to Ark. Code Ann. § 23-64-512(a)(8), the Commissioner may place on probation, suspend, revoke, refuse to issue, or renew an insurance producer's license, or levy a civil penalty, with any combination of actions, if an insurance producer demonstrates untrustworthiness, lack of good personal or business reputation or financial irresponsibility. Pursuant to Ark. Code Ann. § 23-64-512(a)(2), the Commissioner may place on probation, suspend, revoke, refuse to issue, or renew an insurance producer's license, or levy a civil penalty, with any combination of actions, if a producer violates any insurance laws or regulation. Ark. Code Ann. § 23-66-206(7) makes it a deceptive act to file with any supervisory or other public official making a false statement as to the financial condition of a person with intent to deceive. The pledging of an insurer's assets to guarantee a personal debt is a violation of Ark. Code Ann. § 23-69-109.

2. Standridge is alleged to have individually violated the following insurance code provisions: Ark. Code Ann. §§ 23-64-512(a)(4), 23-64-512(a)(8), and 23-64-512(a)(2) by virtue of alleged violations of Ark. Code Ann. §§ 23-66-206(7) and 23-69-109. As previously stated, the acts of an individual designated in the license of a firm may be imputed to the firm or company so licensed. Ark. Code Ann. § 23-64-216(c) states that the license of a firm, limited liability company, or corporation may be suspended, revoked, or refused for any of such causes as relate to any individual designated in the license to exercise its powers.
3. The public health, safety, and welfare imperatively require emergency action.
4. Pursuant to Ark. Code Ann. § 23-61-103(b), the Commissioner has implied powers, reasonably applied to enforce and administer provisions of the Arkansas Insurance Code. In issuing emergency orders under Ark. Code Ann. § 23-64-216(e), the Commissioner has an implied power under Ark. Code Ann. § 23-61-103(b) to issue a supervision order against an agency or firm, without having to order the wholesale revocation or suspension of an insurance agency license, for the purpose of safely permitting the continuance of the ongoing business and affairs of the agency for the protection of insurance consumers using such agency.
5. For the public health, safety, and welfare of the people of this State, the Commissioner concludes that the license of SSI is immediately and

summarily placed under supervision pursuant to Ark. Code Ann. § 23-64-216(e).

6. 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 Order of Supervision.
7. 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.
8. The activities of SSI are under investigation pursuant to Ark. Code Ann. § 23-61-103(d)(1). Pursuant to Ark. Code Ann. § 23-61-301 (a), with respect to the subject of any examination, investigation, or hearing being conducted by the Insurance Commissioner, the Commissioner may subpoena witnesses and administer oaths or affirmations and examine any individual under oath and may require and compel the production of records, books, papers, contracts, and other documents.

WHEREFORE, based on the foregoing, the Commissioner hereby Orders the following:

1. Neither SSI nor any of its directors or officers shall withhold, remove, transfer, or destroy any assets, books, accounts, documents, policies or policy-related documents, or other records relating to the operations of SSI.

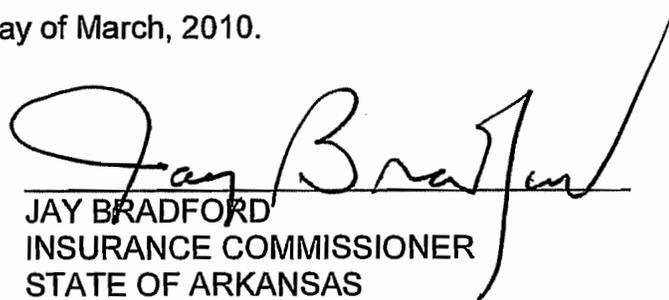
2. SSI shall continue to administer and process its day to day insurance agency matters and shall provide its normal customer service for

existing and new business from the date of this Order, without any restrictions or limitations as to its business unless set out in this Order or any amendments to this Order .

3. Neither Standridge nor any family member who is a director of SSI shall engage in any premium financing arrangements with banks for and on behalf of any customer of SSI unless reviewed or approved by the Department pending a final Order on this matter.

4. Pursuant to Ark. Code Ann. § 23-61-301 (a), the Commissioner orders any and all officers, directors and shareholders of SSI to appear at an administrative meeting at the Department, set out in a separate notice to this Order, to discuss the management and operations of SSI as a result of this Order.

It is so ORDERED this 2 day of March, 2010.


JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS