

BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF ARKANSAS

IN THE MATTER OF  
EQUUS FIDELITY CORPORATION

RESPONDENT

AID NO. 2010- 087

CONSENT ORDER

Now on this day the matter of Equus Fidelity Corporation (“Respondent”), is taken under consideration by Jay Bradford, Insurance Commissioner for the State of Arkansas (“Commissioner”), with the Arkansas Insurance Department (the “Department”) appearing through Managing Attorney, Booth Rand. The Respondent neither admits nor denies the Findings of Fact or Conclusions of law as set forth below. From the facts, matters and other items before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction to prohibit persons or entities engaging in unauthorized insurance transactions with residents in this state under Ark. Code Ann. § 23-65-101(a). No person shall act as an insurer or transact insurance in this state unless authorized by a subsisting certificate of authority issued to it by the Commissioner under Ark. Code Ann. § 23-63-201. Under Ark. Code Ann. § 23-65-101(b)(1)(A), the Commissioner may summarily order a person to cease and desist from an act or practice if there is reason to believe that a person or entity has not complied with Ark. Code Ann. § 23-65-101 or any other provision of the Arkansas Insurance Code.

2. The Respondent is a purported off shore insurance entity claiming to provide transportation insurance, authorized and licensed to do so by the government of Naura, an international offshore territory. Beginning on or about 2009 until the entity ceased taking applications in June of 2010, the Respondent solicited and accepted payment for contingent cargo insurance from approximately twenty-three (23) individuals or businesses, three (3) of whom resided in this State. The marketing and sales of such “insurance” included solicitation through online or internet sales.
3. John Sawyer (“Sawyer”) is a resident of the State of Arkansas and resides at 2406 Ridgepoint Blvd., Jonesboro, Arkansas 72404. Sawyer was the registered owner of the internet sites of Respondent. Sawyer created and operated Respondent until Respondent ceased taking applications in June of 2010. According to information gathered by the Arkansas Insurance Department’s Legal Division in response to a subpoena, Respondent contracted and collected premium from twenty-three (23) persons located in the United States, for the purpose of providing contingent cargo insurance. Sawyer initially created the entity to self insure contingent cargo insurance for transportation business. Sawyer was wrongly advised by persons that he could create an offshore insurance entity, to provide contingent cargo insurance without subjecting the Respondent to state insurance laws.
4. Respondent is not licensed to transact insurance in any state to provide cargo or transportation insurance, nor is Respondent listed or registered as an alien, non-admitted carrier in any state or with the National Association of Insurance Commissioners (NAIC).

5. On June 22, 2010, the Utah Insurance Department (“UID”) issued a cease and desist order against Respondent prohibiting Respondent from conducting or transacting business in that state. The UID Cease and Desist order was issued following an investigation by UID which revealed that a Utah resident purchased cargo insurance from the Respondent. Following the issuance of the UID cease and desist order, UID alerted or notified the Arkansas Insurance Department (“Department”) of this activity. Thereafter, the Department investigated the activities of Respondent.
6. According to investigation by the Department, the Respondent has ceased activity in providing cargo insurance, agrees to permanently cease insurance activities, and Respondent has returned all premium collected by Respondent as well as collected statements of no loss from persons who have contracted with Respondent.

#### CONCLUSIONS OF LAW

1. In offering and providing cargo or transportation insurance to residents of this state, without a certificate of authority to act as an insurer, the Respondent is in violation of Ark. Code Ann. § 23-65-101(a)(1) which states: “No person or entity in this state shall act as an agent or broker or otherwise represent or aid any insurer, health maintenance organization, multiple employer trust, association, or any other person or entity in the solicitation, negotiation, or effectuation of insurance, inspection of risks, fixing of rates, investigation or adjustment of losses, collection of premiums, or in any other manner in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state if that entity or person is not authorized to licensed by the State Insurance Department for those purposes. “

**THE COMMISSIONER HEREBY ORDERS THE FOLLOWING:**

1. Pursuant to Ark. Code Ann. § 23-65-101(b)(1)(A), Respondent has agreed to immediately and permanently cease and desist from the sale, solicitation and administration of any insurance contracts in this state.

2. Within twenty (20) days from receipt of this Order, Respondent will provide verification to the Department that Respondent has returned all premium, fees or funds provided to Respondent by persons who have contracted with Respondent for transportation insurance.

IT IS SO ORDERED this 19<sup>th</sup> day of October, 2010.

EQUUS FIDELITY CORPORATION  
  
JOHN SAWYER

  
JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS