

SEP 14 2016

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STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:  
**7710 INSURANCE COMPANY,**  
  
Petitioner.

No. 16A-081-INS  
**CONSENT ORDER**

The State of Arizona Department of Insurance (“Department”) has received evidence that **7710 INSURANCE COMPANY** (“7710 Insurance”) has violated provisions of Title 20, Arizona Revised Statutes (“A.R.S.”). 7710 Insurance wishes to resolve this matter in lieu of an administrative hearing, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

**FINDINGS OF FACT**

1. 7710 Insurance Company (“7710 Insurance”) is a South Carolina corporation that, at all relevant times, did not hold a Certificate of Authority with the Department as a Workers’ Compensation carrier. 7710 Insurance holds a Certificate of Authority in South Carolina.
2. 7710 Insurance’s address of record is: 1 North Cantey Road, Summerton, SC 29148 (business and mailing) according to the South Carolina Department of Insurance.
3. 7710 Insurance is not exempt from the licensing requirement in Arizona.
4. On December 28, 2015, the Department received a complaint alleging that 7710 Insurance had solicited in Arizona fire districts to sell Workers’ Compensation insurance. On April 28, 2016, the Department received a second complaint alleging that the Petitioner was marketing Workers’ Compensation insurance in Arizona and the complaint included a flyer titled “Why Choose 7710 Insurance” (“Flyer”) and a pamphlet titled “7710 Insurance, Specialized Workers’ Compensation Insurance” (“Pamphlet”). Each of these

1 documents were purported to have been obtained at presentations or seminars hosted by  
2 7710 Insurance and producer Wiatt Edmund Wong (“Wong”) for Arizona fire districts.

3 5. Neither the Flyer nor the Pamphlet disclosed that Benchmark Insurance  
4 Company (NAIC No. 41394) (“Benchmark”) had entered into a fronting arrangement with  
5 7710 where 7710 would reinsure policies written by Benchmark in Arizona. 7710 Insurance  
6 contends that in each instance in which the Flyer and/or the Pamphlet was distributed, each  
7 was accompanied by an explanatory letter which indicated that Benchmark would be the  
8 insurer issuing the insurance coverage.

9 6. Benchmark issued at least three workers’ compensation policies to fire districts  
10 in Sun City, Superstition and Highlands.

11 7. On June 23, 2016, the Department issued a Cease and Desist Order against  
12 7710 Insurance and Wong alleging a violation of A.R.S. § 20-106(A)(1).

13 8. On July 5, 2016, the Department received a timely appeal of the Cease and  
14 Desist Order and request for automatic stay pursuant to A.R.S. § 20-162(A).

15 9. On July 7, 2016, the Department filed a Stay Order, which currently remains in  
16 full force and effect.

17 10. On July 14, 2016, the Department filed a Notice of Hearing in the matter.

18 11. On September 6, 2016, the Department dismissed Wong as a party.

19 **CONCLUSIONS OF LAW**

20 1. The Interim Director (“Director”) has jurisdiction over this matter.

21 2. 7710 Insurance’s conduct as described above constitutes the making,  
22 publishing, disseminating, circulating or placing before the public, or causing, directly or  
23 indirectly, to be made, published, disseminated, circulated or placed before the public, in a  
24 newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet,  
25 letter or poster, or over any radio or television station, or in any other way, any  
26 advertisement, announcement, sales material or statement containing any assertion,  
27 representation or statement with respect to the business of insurance or with respect to any  
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1 person in the conduct of his insurance business which is untrue, deceptive or misleading,  
2 within the meaning of A.R.S. § 20-444(A).

3 3. Grounds exist for the Director to order 7710 Insurance to cease and desist from  
4 acts or practices defined in or prohibited by Title 20, Chapter 2, Article 6, within the  
5 meaning of A.R.S. § 20-456(A).

6 **ORDER**

7 IT IS HEREBY ORDERED THAT:

8 1. 7710 Insurance shall cease and desist from distributing any advertising  
9 materials that do not accurately reflect the name of Benchmark Insurance as the fronting  
10 insurer for 7710 Insurance Company unless and until such time as 7710 Insurance Company  
11 possesses a valid certificate of authority from the Arizona Department of Insurance.

12 2. The Department sets aside the Cease and Desist Order which recited a  
13 violation of A.R.S. § 20-106(A)(1).

14 3. The hearing, Docket #16A-081-INS, scheduled for September 16, 2016, at  
15 1:00 p.m. is vacated.

16 DATED AND EFFECTIVE this 13<sup>th</sup> day of September, 2016.

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19 LESLIE R. HESS  
Interim Director of Insurance

1 **CONSENT TO ORDER**

2 1. Petitioner has reviewed the foregoing Findings of Fact, Conclusions of Law  
3 and Order.

4 2. Petitioner admits to the jurisdiction of the Director of Insurance, State of  
5 Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing  
6 Conclusions of Law and Order.

7 3. Petitioner is aware of its right to notice and a hearing at which it may be  
8 represented by counsel, present evidence and examine witnesses. Petitioner irrevocably  
9 waives its right to such notice and hearing and to any court appeals relating to this Consent  
10 Order.

11 4. Petitioner states that no promise of any kind or nature whatsoever, except as  
12 expressly contained in this Consent Order, was made to it to induce it to enter into this  
13 Consent Order and that it has entered into this Consent Order voluntarily.

14 5. Petitioner acknowledges that the acceptance of this Consent Order by the  
15 Director is solely to settle this matter against it and does not preclude any other agency,  
16 officer, or subdivision of this state including the Department from instituting civil or criminal  
17 proceedings as may be appropriate now or in the future.

18 6. Petitioner acknowledges that this Consent Order is an administrative action  
19 that the Department will report to the National Association of Insurance Commissioners  
20 (NAIC).

21 7. William Adamson represents that he is an officer of 7710 Insurance Company  
22 and, as such, is authorized to enter into this Consent Order on its behalf.

23  
24 9/6/16  
Date

23 William J. Adamson  
24 WILLIAM J. ADAMSON, Chairman and CEO  
25 7710 INSURANCE COMPANY

1 COPIES of the foregoing mailed/delivered  
2 this 14th day of September, 2016, to:

3 S. David Childers, Esq.  
4 Tasha Cycholl, Esq.  
5 Natalie C. Anderson, Esq.  
6 Kutak Rock LLP  
7 8601 N. Scottsdale Rd., Suite 300  
8 Scottsdale, Arizona 85258  
9 David.childers@kutakrock.com  
10 Tasha.cycholl@kutakrock.com  
11 Natalie.anderson@kutakrock.com  
12 Attorneys for Petitioner

13 Steven Fromholtz, Assistant Director, Consumer Protection Division  
14 Gloria Barnes-Jackson, Investigator  
15 Mary E. Kosinski, Exec. Assistant for Regulatory Affairs  
16 Arizona Department of Insurance  
17 2910 North 44th Street, Suite 210  
18 Phoenix, Arizona 85018

19 COPIES of the foregoing delivered electronically,  
20 same date, to:

21 Kay Abramsohn, Administrative Law Judge  
22 Office of Administrative Hearings  
23  
24 Liane C. Kido  
25 Assistant Attorney General  
26 Attorney for the Department

27 Madeine Scheiner  
28 Madeine Scheiner  
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