

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

**IN THE MATTER OF  
JOHN EDWARD REYNOLDS  
REYNOLDS INSURANCE AGENCY**

**AID ORDER NO. 2011- 027**

**CEASE AND DESIST AND EMERGENCY SUSPENSION ORDER**

On this day, the matter of John Edward Reynolds and Reynolds Insurance agency comes before Jay Bradford, the Insurance Commissioner for the State of Arkansas ("Commissioner"). The Arkansas Insurance Department is represented by Associate Counsel, Ashley Fisher. From the facts, matters, and other evidence before the Commissioner, the Commissioner does hereby find and conclude as follows:

**FINDINGS OF FACT**

1. The Commissioner has jurisdiction over Reynolds Insurance Agency and John Reynolds and the subject matter involved herein pursuant to Ark. Code Ann. § § 23-61-103, Ark. Code Ann. § 23-64-101 et seq., Ark. Code Ann. § 23-64-201 et. seq. (Supp. 2005).

2. Respondent was previously licensed as a resident casualty, marine, motor club, pre-paid legal, property and surety insurance producer, license number 20836. Respondent's last address of record at the Department is 2906 Rodney Parham, Little Rock, AR 72212. The license to produce all but pre-paid legal were revoked pursuant to A.I.D. Consent Order No. 2009-075 for the reasons stated therein. Respondent's license was revoked effective September 18, 2009. Reynolds Insurance Agency operates as a resident agency qualified to engage in the business of accident, health and sickness, property, casualty, surety and life insurance business.

3. Pursuant to A.I.D. Order No. 2009-075, the Respondent's license was revoked as to casualty, marine, motor club and property and surety insurance. He was not to conduct the business of insurance as to any of the types that were revoked in the State of Arkansas. The only type of insurance he was allowed to sell was pre-paid legal.

4. The Legal Division received a complaint from Jo Coleman with Arkansaw Trucking on April 12, 2011 concerning the transaction of insurance business with Respondent. In October 2010, Ms. Coleman entered into her first insurance policy with Reynolds Insurance. This policy was for auto liability and property damage for 3 dump trucks. Between December 2010 and February 2011, she added additional policies. Shortly thereafter, she began receiving cancellation notices on several policies. The premium funds were collected by Respondent, but not remitted to the Company. One company in particular was Lemic for a workers compensation policy. At all times, Ms. Coleman dealt directly with Respondent.

6. Based upon information provided to the Department, it is apparent that other consumers have dealt with Respondent directly on policies for insurance for which he is not licensed to sell.

7. 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:

8. Ark. Code Ann. § 23-64-201 states that “unless he or she has complied with the Producer Licensing Model Act, § 23-64-501 et seq., a person shall not consult, counsel, or advise others on matters of insurance needs or coverages under any insurance policy or contract of insurance unless licensed....”

9. The Commissioner retains jurisdiction over the Respondent following the revocation of his license pursuant to Ark. Code Ann. § 23-64-512(e) and retains the authority to impose any penalty or remedy available under the Arkansas Insurance Code.

10. Respondent is in violation of the terms of A.I.D. Order No. 2009-075.

11. With regard to the premium paid by Ms. Coleman and held by the Respondent without coverage being bound, the Respondent is in violation of Ark. Code Ann. § 23-64-223(a). This section of the Arkansas Insurance Code requires a producer to hold premium funds in trust and

pay them forward in the ordinary course of business or return them to the insured or other appropriate party.

12. Improperly withholding premium funds is grounds for suspension or revocation of the Respondent's producer license pursuant to § 23-64-512(a)(4).

13. 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 also for any of such causes as relate to any individual designated in the license to exercise its powers.

**IT IS THEREFORE ORDERED AS FOLLOWS:**

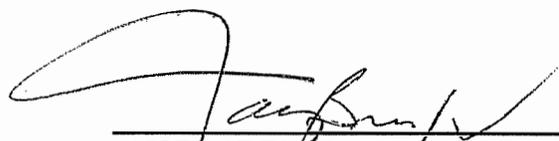
1. The Respondent's remaining prepaid legal Resident Producer License No. 20836 is hereby suspended pursuant to Ark. Code Ann. § 23-64-216(e), and Respondent shall not engage in the business of insurance in the State of Arkansas during this period of suspension.

2. Respondent Agency is suspended pursuant to Ark. Code Ann. § 23-64-216(c) and 23-64-216(e).

2. Respondent is ordered to cease and desist the conduct of any insurance or insurance-related business in the State of Arkansas pursuant to the terms of A.I.D. Order No. 2009-075.

3. As required by Ark. Code Ann. § 23-64-216(e), an administrative hearing has been scheduled regarding this matter, and a Notice of Hearing is included herewith.

**IT IS SO ORDERED THIS** 27<sup>th</sup> **day of April, 2011.**

  
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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS