

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-16-0302

PROACTIVE INDEMNITY CORP,
PROACTIVE FINANCIAL SERVICES
AND CONTINGENTCARGO.CO

FINAL ORDER TO CEASE AND
DESIST, ASSESSING CIVIL
PENALTY AND RESTITUTION,
ENTERED BY DEFAULT

Respondent.

On July 28, 2016, the Director of the Department of Consumer and Business Services (“Director”), by and through the Division of Financial Regulation (“Division”), issued Administrative Order No. INS-16-0302 Order To Cease And Desist, Notice Order Assessing Civil Penalty, Proposing Restitution And Right To An Administrative Hearing (“Notice Order”) against PROACTIVE INDEMNITY CORP, PROACTIVE FINANCIAL SERVICES AND CONTINGENTCARGO.CO (collectively “Respondent”).

On July 28, 2016, the Notice Order was sent to Respondent by certified United States Mail, postage prepaid, to the following purported business addresses of Respondent: (1) 8721 Santa Monica Blvd #1248, Los Angeles, CA 90069 (Article No. 7014 2870 0001 3527 9545); and (2) 3503 Jack Northrop Ave, Suite # M4720, Hawthorne, CA 90250 (Article No. 7014 2870 0001 3527 9552).

On July 28, 2016, the Notice Order was also sent to Respondent by electronic mail, to the following electronic mail address: jc@contingentcargo.co.

On August 22, 2016, via hand delivery, the Division also served the Notice Order

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 on the Oregon Secretary of State, Corporations Division, pursuant to ORS 60.731(2)(c)
2 and (e), as the Respondent purports to operate out of offices located in California, and has
3 been and/or is engaged in the unauthorized transaction of business in Oregon.

4 The Notice offered Respondent an opportunity for a hearing, if requested within
5 20 days. The Notice further informed Respondent that if a hearing was not conducted
6 because Respondent did not timely request a hearing or otherwise defaulted, then the
7 designated portion of the Director's file and all materials submitted by Respondent in this
8 case would automatically become part of the contested case record for the purpose of
9 proving a *prima facie* case.

10 The Director did not receive from Respondent a request for a hearing and did not
11 conduct a hearing.

12 The Director finds that the record of this proceeding proves a *prima facie* case.

13 The Director makes the following Findings of Fact, Conclusions of Law, Orders,
14 and Notice of Right to Judicial Appeal.

15 FINDINGS OF FACT

16 The Director FINDS that:

17 1. Proactive Indemnity Corp ("PIC") is a purported business entity operating in
18 California with an address of 8721 St. Monica Blvd, Los Angeles, CA 90069. However,
19 there is no record of a company registered in California with that name. The website
20 Contingentcargo.Co is associated with PIC as stated on invoices and electronic
21 communications issued by PIC. On the Contingentcargo.Co website, there are multiple
22 references to Proactive Financial Services with an address of 8721 St. Monica Blvd, Los
23 Angeles, CA 90069, the same address listed on invoices and communications as PIC.
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1 There is no registered business in California with the name Proactive Financial Services.

2 2. In 2012, Express Transport Services, Inc. (“Express”), a business located in
3 and operating from multiple locations in Oregon, performed an internet search for
4 “contingent cargo insurance.” Express requested a quote and completed an application at
5 contingentcargo.co. Express received an invoice dated May 22, 2012 from Proactive
6 Indemnity Corporation, 8721 Santa Monica Blvd #1248, Los Angeles, CA 90069 in the
7 amount of \$2,215. The invoice was for “Contingent Cargo Insurance” with a description
8 of coverage equal to \$100,000 with a \$1,000 deductible. The invoice was delivered by
9 email from Josh Capello¹ at josh@contingentcargo.co. Express received a master
10 certificate of insurance from Respondent by electronic mail on May 29, 2012 confirming
11 coverage through May 31, 2013 through Lloyd’s of London (“Lloyd’s”).
12

13 3. In 2013, Express renewed the Lloyd’s coverage through Respondent. Around
14 the same time, Express purchased additional automobile coverage from Respondent
15 through Navigator Insurance Co. (“Navigator”).

16 4. Express renewed coverage for Lloyd’s and Navigator through the Respondent
17 in 2014, 2015 and 2016.

18 5. In July 2016, Express attempted to verify coverage through Lloyd’s. Express
19 was informed that it did not have coverage through Lloyd’s. Lloyd’s informed Express
20 that it had received similar inquiries regarding Respondent and published a consumer
21 alert on its website in 2014.

22 6. Express also attempted to verify coverage through Navigators. Express was
23 informed that it did not have coverage through Navigator.
24

25 7. Since inception of the policy, Express paid over \$20,000 in premiums to
26

¹ Based upon information and belief, Josh Capello is an alias for Umer M. Masood.

1 Respondent for coverage through Lloyd’s and Navigator. All checks were made out to
2 Proactive Indemnity Corporation. Copies of the cashed checks obtained from Express’s
3 bank indicate that the checks written after July 29, 2014 were deposited into Standard
4 Chartered Bank (Pakistan) LTD. Prior to July 29, 2014, checks were deposited at Bank
5 Alfalah Limited, which is also located in Pakistan.

6
7 **CONCLUSIONS OF LAW**

8 The Director CONCLUDES that:

9
10 8. Under Oregon Revised Statutes (“ORS”) 744.053, a person may not sell,
11 solicit or negotiate insurance in this state unless the person is licensed as an insurance
12 producer. Respondent is not licensed as an insurance producer in the state of Oregon.

13 9. Under ORS 731.988(1), the Director may impose a civil penalty of up to
14 \$10,000 *per violation* upon any person who violates a provision of the Insurance Code.
15 Each policy and renewal of a policy is considered a violation. Express purchased or
16 renewed Lloyd’s coverage five times and Navigator coverage four times.

17 10. Under ORS 731.256(2), the director may: (a) seek restitution on a consumers
18 behalf for actual damages the consumer suffers as a result of the insurers violation of a
19 provision of the Insurance Code or applicable federal law or the insurers breach of an
20 insurance contract or policy the insurer has with the consumer; and (b) seek other
21 equitable relief the director deems appropriate under the circumstances.

22
23 **ORDER**

24
25 Now therefore, the Director issues the following Orders:

26 11. As authorized by ORS 731.252(1), the Director ORDERS Respondent to



1 CEASE AND DESIST from violating any provision of the Insurance Code or the
2 administrative rules promulgated thereunder.

3 12. The Director, pursuant to ORS 731.988(1), hereby assesses a civil penalty of
4 \$90,000, as to all Respondents, joint and several.

5 13. Pursuant to ORS 731.256(2), the Director hereby orders restitution in the
6 amount of \$20,000.00 to be paid to Express Transport Services, Inc. by all Respondents,
7 joint and several.

8 SO ORDERED this 24th day of September, 2016 in Salem,
9 Oregon.

10
11 PATRICK M. ALLEN, Director
12 Department of Consumer and Business Services

13
14 /s/ David Tatman
15 David C. Tatman, Chief of Enforcement
16 Division of Financial Regulation

17 NOTICE OF RIGHT TO JUDICIAL APPEAL

18 You are entitled to judicial review of this order in accordance with ORS 183.482.
19 You may request judicial review by filing a petition with the Court of Appeals in Salem,
20 Oregon, within 60 days from the date this order is served.

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