

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS{PRIVATE }**  
**DEPARTMENT OF BUSINESS REGULATION**  
**233 RICHMOND STREET**  
**PROVIDENCE, RHODE ISLAND 02903**

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**IN THE MATTER OF:**

**EASTERN SHORES CASUALTY ,**

**RESPONDENT.**

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**DBR No.: 07-I-0166**

**CEASE AND DESIST ORDER**

Pursuant to R. I. Gen. Laws § 42-14-16.1, Eastern Shores Casualty and Indemnity (“Respondent”) is hereby ordered to cease and desist from engaging in unlicensed activity within the State of Rhode Island as of the date set forth below. The Director of the Department of Business Regulation (“Department”) issues this Order for the following reasons:

1. Respondent is not a domestic or foreign insurer licensed to issue surety bonds in Rhode Island in accordance with R.I. Gen. Laws §§ 27-1-1, *et seq.*, or 27-2-1, *et seq.*
2. Respondent is not an approved surplus lines insurer in Rhode Island in which licensed surplus lines broker may place insurance pursuant to R.I. Gen. Laws § 27-3-40.
3. R.I. Gen. Laws § 27-16-1.2 prohibits the transaction of insurance without a license issued by the State of Rhode Island.
4. R.I. Gen. Laws § 27-16-1.2(b)(2) defines, in part, the transaction of insurance as “[t]he making of or proposing to make, as guarantor or surety, any contract

of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety[.]”

5. On December 6, 2006, Respondent issued a “Payment and Performance Bond” to the City of Providence, Rhode Island, on behalf of Doyle Contracting, Inc.

6. On May 14, 2007, Respondent issued a “Payment and Performance Bond” to the Town of Barrington, Rhode Island, on behalf of Bilray Demolition Co., Inc.

7. On November 1, 2007, Respondent issued two “Payment and Performance Bonds” to the State of Rhode Island on behalf of Bilray Demolition Co., Inc.

8. On its website ([www.easternshorescasualty.com](http://www.easternshorescasualty.com)), Respondent stated that it “write[s] ‘performance and payment bonds’ or as they are sometimes called ‘labor and material’ [sic].”

9. Respondent’s website also stated that it is a “foreign captive.”

10. There is no exception in R.I. Gen. Laws § 27-16-1.2, *et seq.*, for unlicensed “foreign captives.”

11. Based on the above, the Director issued an Order to Show Cause Why Order Should Not Issue to Cease & Desist Unlicensed Activities, Notice of Hearing, and Appointment of Hearing Officer, to Respondent (“Order to Show Cause”) on November 21, 2007.

12. A pre-hearing conference was held on January 29, 2008 where the principal for Respondent, Leo M. Rush, agreed to the issuance of a cease and desist order against Respondent. The cease and desist order would provide that Respondent cease and desist from the guaranty or suretyship of any risk sited in Rhode Island or any other activity requiring licensure by the State of Rhode Island.

13. Accordingly, the Director finds that Respondent is in violation of R.I. Gen. Laws § 27-16-1.2 and orders it to cease and desist from the guaranty or suretyship of any risk sited in Rhode Island or any other activity requiring licensure by the State of Rhode Island.

Recommended by:



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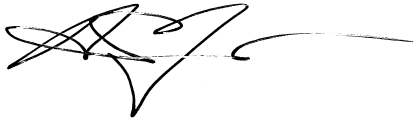
Michael P. Jolin, Esq.  
Hearing Officer

Date: March 12, 2008

**ORDER**

I have read the Hearing Officer's Recommendation in this matter, and I hereby take the following action with regard to the Recommendation:

ADOPT  
 REJECT  
 MODIFY



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A. Michael Marques  
Director

Date: March 12, 2008

**THIS ORDER CONSTITUTES A FINAL DECISION OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO RHODE ISLAND GENERAL LAWS TITLE 42, CHAPTER 35. AS SUCH, THIS DECISION MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MAY BE COMPLETED BY FILING A PETITION FOR REVIEW WITH THE COURT.**