

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Gary L. Johnson**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 04-06-023

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Gary L. Johnson (Johnson).

Johnson enters into this stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

Johnson waives the right to receive a notice of proposed action, receive a notice of the rights of a party and procedures in contested cases, have a hearing, be represented by an attorney at the hearing, receive a proposed order, file exceptions to the proposed order, and have the final order judicially reviewed.

Johnson stipulates to the following facts, conclusions, and action, and consents to issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Johnson has been licensed in Oregon as a nonresident insurance agent since 6/9/99.

Made False Statement on Insurance License Application

Johnson violated ORS 744.013(2)(b) (1999) in one instance by engaging in the following conduct. ORS 744.013(2)(b) prohibits a person that applies for an Oregon insurance agent license from making any false statement on or relative to an application for the license. On 6/8/99, the Insurance Division received from Johnson an Oregon nonresident insurance agent license application dated 2/15/99. On the application, Johnson answered "No" to question 12 which asked "Have you ever had

any fine applied against such a license as listed in #11 above.” Johnson’s answer was false because on 8/4/92, the insurance regulator for the State of Texas issued an order, number C92-0752, assessing Johnson a fine of \$1,500. The insurance regulator took the action because in February 1990 Johnson received from an applicant a renewal application, and a renewal premium payment of \$579, for catastrophe property insurance, but failed to forward them to the Texas Catastrophe Property Insurance Association (TCPIA). Johnson was in the process of selling his agency back to its previous owner during the time that he received the payment. Johnson did not realize that the application and payment had not been submitted to the TCPIA until February 1991. Johnson refunded the premium to the applicant on 3/6/91.

Failed to Report Enforcement Action by Other State Insurance Regulator

Johnson violated ORS 744.089(1) in one instances by engaging in the following conduct. ORS 744.089(1) requires a person licensed in Oregon as an insurance agent to notify the Insurance Division of any enforcement action taken against the person by another state insurance regulator, and provide a copy of the order, within 30 days of the final disposition of the action. On 7/25/03, the insurance regulator for the State of California issued an order, number LBB 0915-AP, refusing to issue to Johnson a California nonresident insurance agent license effective 8/24/03. The insurance regulator took the action because Johnson failed to disclose on his California nonresident insurance agent license application, received on 5/9/02, that on 3/29/00 the insurance regulator for the State of Florida had issued an order, number 33223-99-AG, refusing to issue to Johnson a Texas nonresident insurance agent license. The insurance regulator for the State of Florida took action because Johnson failed to disclose on his Florida nonresident insurance agent license application that Texas had taken enforcement action against Johnson as described above. The California action was finally disposed of on 8/24/03. Thus, Johnson was required to notify the Insurance Division of the action, and provide a copy of the order, by 9/23/03. Johnson, as an individual licensee, did not notify the Insurance Division of the action or provide a copy of the order. However, Johnson, as an

officer of Grayhawk Insurance & Risk Management Services, Inc. (Grayhawk), notified the Insurance Division of only the action as part of Grayhawk's Oregon nonresident insurance agent license application dated on or about 10/30/03.

Action

Pursuant to ORS 731.988, Johnson is assessed a civil penalty of \$1,000. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment is due on, and shall be received by the Insurance Division by, the date of the final order.

Dated September 20, 2004 /s/ Gary L. Johnson
Gary L. Johnson

FINAL ORDER

The director incorporates herein and adopts the above stipulation as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated October 12, 2004 /s/ Joel Ario
Joel Ario
Administrator
Insurance Division
Department of Consumer and Business Services

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