

STATE OF ILLINOIS



Department of Financial and Professional Regulation Division of Insurance

IN THE MATTER OF:

Jay R. Johnson
2404 Rosewell Point
Springfield, Illinois 62707

STIPULATION AND CONSENT ORDER

WHEREAS, Jay R. Johnson (Licensee), is a licensed producer in the State of Illinois; and

WHEREAS, Licensee is aware of the actions, steps and remedies which the Director of Insurance is authorized to take under Section 5/500-70 of the Illinois Insurance Code (215 ILCS 5/500-70); and

WHEREAS, Licensee is advised that the Illinois Department of Financial and Professional Regulation, Division of Insurance has caused an investigation to be commenced to determine whether or not such causes and conditions exist as would authorize the Director of Insurance to

take such actions and steps or pursue such remedies as are provided in Section 5/500-70 of the Illinois Insurance Code; and

WHEREAS, Licensee is aware of and understands the nature of this investigation and the charges and his various rights in connection therewith, including the right to counsel, notice, hearing and appeal under Section 5/500-70 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, Licensee does not admit to violations of the Illinois Insurance Code or 50 Ill. Adm. Code but for the purpose of resolving all matters raised by the investigation without the necessity of an administrative hearing enters into this Stipulation and Consent Order.

NOW THEREFORE, IT IS agreed by and between Licensee and the Director of Insurance as follows:

- I. To waive the Notice and Hearing as required under Section 5/500-70 of the Illinois Insurance Code.
- II. To stipulate that the Director of Insurance alleges the following:
 - A. The Licensee provided limited partnership agreements to four different Illinois consumers. The agreements offered to pay the consumers a portion of the commissions earned on their crop insurance policies.

By offering to rebate part of the agent's commission for insurance on a risk in Illinois, the Licensee has violated Section 5/151 of the Illinois Insurance Code. (215 ILCS 5/151)
 - B. The Licensee provided limited partnership agreements to six different Illinois consumers and entities. The agreements offered to pay the consumers or entities a portion of the commissions earned on crop insurance policies sold through the consumers or entities.

By offering to pay commissions to an unlicensed consumer or entity for the solicitation of insurance in the State of Illinois, the Licensee has demonstrated financial irresponsibility pursuant to Section 5/500-70(a)(8) of the Illinois Insurance Code. (215 ILCS 5/500-70(a)(8))

- C. On August 10, 2006, ARMtech Insurance Services, issued a commission check to Johnson Risk Management in the amount of \$19,216.54.

The Division obtained ARMtech's "2006 Agency Commission Register" for Johnson Risk Management. The register's bottom line indicates that, for 2006, ARMtech paid Johnson Risk Management \$229,357.40 in commissions up until December 8, 2006.

By accepting commissions for the sale of insurance in the name of an unlicensed Business Entity acting as a producer, the Licensee has violated Sections 5/500-80(b) and 5/500-30(c) of the Illinois Insurance Code. (215 ILCS 5/500-80(b) and 5/500-30(c))

- III. Applicant does consent to entry of the following Order based upon the above violations of the Illinois Insurance Code and/or 50 Ill. Adm. Code.

NOW THEREFORE, IT IS HEREBY ORDERED by the Director of Insurance, Illinois Department of Financial and Professional Regulation, Division of Insurance, pursuant to Section 500-70 of the Illinois Insurance Code that Applicant:

- A. Shall comply with Section 5/151 of the Illinois Insurance Code. (215 ILCS 5/151)
- B. Shall not offer to pay or pay any portion of a commission earned on an Illinois risk to an unlicensed individual or entity that is required to be licensed as an insurance producer.
- C. Shall comply with Section 5/500-80(b) of the Illinois Insurance Code. (215 ILCS 5/500-80(b))
- D. Shall obtain a Business Entity license for Johnson Risk Management, within 30 days of the entry date of this Order
- E. Shall pay a civil forfeiture in the amount of \$5,500.00 to the Director of Insurance, State of Illinois, within 30 days of the entry date of this Order.

A material violation of the above Stipulation & Consent Order shall subject the Licensee to further administrative action pursuant to Section 5/407.2 of the Illinois Insurance Code (215 ILCS 5/407.2).

Nothing contained herein shall prohibit the Director of Insurance from taking any and all appropriate action should the Applicant violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or 50 Ill. Adm. Code.

Jay R. Johnson
Jay R. Johnson

State of Illinois)
County of Morgan)SS

Subscribed and sworn to
before me this 24th day of
October, 2007.

Cathy L. Strawn
Notary Public



DEPARTMENT OF FINANCIAL AND
PROFESSIONAL REGULATION of the
State of Illinois;

DIVISION OF INSURANCE

Date: 10-30-07

Michael T. McRaith
Michael T. McRaith, Director

MTM:bg