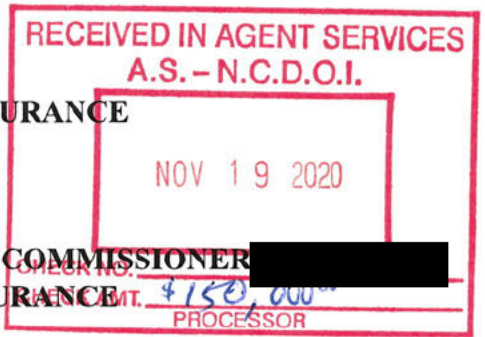


**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**



**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER
OF INSURANCE**

**IN THE MATTER OF
THE LICENSURE OF
JOHNSON & JOHNSON, INCORPORATED
LICENSE NO. 7836477**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COME, Johnson & Johnson, Incorporated (hereinafter "Johnson & Johnson") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents; and

WHEREAS, Johnson & Johnson is a South Carolina insurance brokerage which holds a nonresident business entity license issued by the Department on June 20, 2006; and

WHEREAS, a Department target investigation ("Investigation") was conducted by the Department investigators on November 25, 2019 of Johnson & Johnson is located at 200 Wingo Way, Suite 200, Mt. Pleasant, SC, owned by Mr. Francis Johnson, Harry L. Johnson, III, and 2008 Robert C. Johnson, Jr. Trust; and

WHEREAS, Johnson & Johnson is an insurance brokerage that places surplus lines in North Carolina with non-admitted carriers; and

WHEREAS, the investigation revealed that Johnson & Johnson had, as of the date of the investigation, three (3) employees carrying North Carolina Surplus Lines licenses, and nine (9) employees carrying North Carolina Property and Casualty Lines licenses; and

WHEREAS, at the time of the investigation, Johnson & Johnson employees were involved in procuring North Carolina surplus lines policies in North Carolina and that business was placed through properly licensed surplus lines agents; and

WHEREAS, since this matter has been brought to Johnson & Johnson's attention since the Department's investigation, and during the COVID-19 pandemic, Johnson & Johnson has taken significant measures and now has thirty-nine (39) employees carrying North Carolina Surplus Lines licenses, eighty-six (86) employees carrying North Carolina Property and Casualty Lines licenses, and has hired a Vice President of Compliance & Regulation; and

WHEREAS, Johnson & Johnson estimates that it writes approximately 29,000 policies per year in North Carolina; and

WHEREAS, the investigation revealed that approximately 63% of North Carolina policies written are for admitted companies, and 37% are for non-admitted companies; and

WHEREAS, the investigation revealed that in approximately 85% percentage of the randomly sampled policies reviewed, employees have procured coverage through non-admitted carriers without having a Surplus Lines license, and in the remaining 15% this could not be determined; and

WHEREAS, the investigation revealed that in all of the randomly sampled policies reviewed, employees have procured coverage through admitted carriers without having a Property and Casualty license;

WHEREAS, Johnson & Johnson admits that it did not previously believe that it was required for its employees to have surplus lines licenses to procure coverage through nonadmitted companies because all business was placed under the license number of Francis Johnson, principle and a properly licensed surplus lines licensee; and

WHEREAS, Johnson & Johnson admits that it did not believe it was required for its employees to have property and casualty licenses to procure coverage through admitted companies because all business was placed under the license numbers of properly licensed property and casualty brokers; and

WHEREAS, Johnson & Johnson's procurement of coverage through non-admitted companies utilizing employees who did not carry a surplus lines license are violations of N.C.G.S. §§ 58-21-65, 58-33-26(a), 58-33-26(b), and 58-33-40(a); and

WHEREAS, Johnson & Johnson's procurement of coverage through admitted companies utilizing employees who did not carry a Property and Casualty license are violations of N.C.G.S. §§ 58-33-26(a), 58-33-26(b), and 58-33-40(a); and

WHEREAS, Johnson & Johnson has cooperated with the Department's target investigation; and

WHEREAS, this Agreement settles all violations related to Johnson & Johnson placing surplus lines business through improperly licensed employees up to the date of the investigation, inclusive of the years 2017, 2018, 2019, and through November 20, 2020; and

WHEREAS, N. C. Gen. Stat. § 58-33-46(a)(2) provides that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license issued under Article 58 of the General Statutes of North Carolina for violating any insurance law of this or any other state, violating any administrative rule, subpoena, or order of the Commissioner or of another state's regulator; and

WHEREAS, Johnson & Johnson has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of herself, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against Johnson & Johnson; and

WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW, THEREFORE, in exchange for the consideration and promises and agreements set out herein, Johnson & Johnson and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, Johnson & Johnson shall pay a civil penalty of **\$150,000.00** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." Johnson & Johnson shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **November 20, 2020**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. The Department reserves the right to make any follow up examinations of Johnson & Johnson without prior notice to assure compliance; and any non-adherence to this requirement by Johnson & Johnson shall constitute a violation of an Order of the Commissioner pursuant to Paragraph No. 6. below; and
3. This Agreement does not in any way affect the Department's disciplinary power in any future investigation of Johnson & Johnson or in any other matters or complaints involving Johnson & Johnson.

4. Johnson & Johnson enters into this Agreement, on behalf of itself, freely and voluntarily and with the knowledge of its right to have an administrative hearing on this matter. Johnson & Johnson understands it may consult with an attorney prior to entering into this Agreement.
5. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Johnson & Johnson understands that N.C.G.S. § 58-33-46(a)(2) provides that a business entity's license may be revoked for violating an Order of the Commissioner.
6. This Agreement, when finalized, will be a public record and will not be held confidential by the Department. Following the execution of this Agreement, all licenses issued by the Department to Johnson & Johnson shall reflect that Regulatory Action has been taken against it. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides, upon request, a copy of the voluntary settlement agreement to all companies that have appointed the licensee.
7. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
8. Be aware that if a state or federal regulator other than the N. C. Department of Insurance has issued an occupational or professional license to you, that regulator may require you to report this administrative action to it. The N.C. Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

Johnson & Johnson, Incorporated
License No. 7836477

N. C. Department of Insurance

w/ express permission
[Redacted Signature]
By: Francis Johnson
Owner and Designated Responsible Producer

[Redacted Signature]
By: Angela Hatchell
Deputy Commissioner

Date: 11/17/2020

Date: 11/19/2020