MIKE KREIDLER
STATE INSURANCE COMMISSIONER

DECLARATION OF MAILING
I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to Mr. Black, C. Brown, OIC divisions
DATED this 1 day of September 2006 at Tumwater, Washington.
Signed: Wendy Galloway

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER

Phone: (360) 725-7000

FILED

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Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

HAMJE
CONSUMER PROTECTION
SEP 06 2006

BEFORE THE WASHINGTON STATE OFFICE OF ADMINISTRATIVE HEARINGS FOR THE OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of: **JOHN A. BLACK** Licensee.	NO. D 06-120 STIPULATION AND CONSENT ORDER

Pursuant to RCW 34.05.060 and WAC 10.08.230(2) (b), the parties hereby stipulate to the entry of the following Stipulation and Order in resolution of this matter as follows:

STIPULATED FACTS AND LAW

1. John A. Black holds an insurance agent's license issued by the Office of the Insurance Commissioner.

2. OIC entered an Order Revoking License on February 27, 2006 revoking this license. Pursuant to RCW 48.04.040, Licensee objected the OIC's order and requested an administrative hearing as a result of which, pursuant to RCW 48.04.020, the Order Revoking License was stayed and Licensee's insurance agent's license was not revoked.

3. In 2002, Mr. Black met with a woman who works as a seasonal fruit packer and is financially unsophisticated. The consumer had recently lost her husband and received approximately $196,000 in death benefits. The consumer relied on Mr. Black for financial advice. Mr. Black sold her three single premium deferred variable annuities and a whole life insurance policy which the consumer did not understand. The consumer complained to the OIC and was able to rescind her purchases and obtain premium refunds from the insurer.

4. In 2004, Mr. Black met with another woman who also worked as a seasonal fruit packer and whose husband had recently moved to a nursing home. At Mr. Black's suggestion, the woman replaced a Symetra Life annuity with a single premium annuity from another company based upon the understanding that her monthly payment from the new annuity would be larger. As a result of the transfer, the consumer incurred surrender penalties and received a lower monthly payment than she would have if she

had annuitized the Symetra Life annuity and elected monthly payments over the same time period as the new annuity. The consumer complained to the company that issued the replacement annuity and was able to rescind her purchase and obtain a premium refund from the insurer. Mr. Black also obtained from this consumer an option to purchase a ranch that she owned at below market value. Mr. Black attempted to sell the consumer a universal life policy naming her step daughter as beneficiary and represented to the step daughter that they should split the proceeds with Mr. Black's share to be applied to exercise the real estate purchase option. The insurance company declined to issue this policy and the real estate option was later rescinded when the consumer obtained advice from an attorney.

5. Between 2001 and 2002, Mr. Black sold seventeen insurance products issued by New York Life to another consumer who was in her late seventies, financially unsophisticated, and in poor health. These included three single premium deferred annuities totaling $231,293.70, two whole life policies with a total face value of $407,00, a single premium variable universal life policy, and eleven whole life and variable universal life contracts on her son and grand children. The consumer retained an attorney and was able to rescind these contracts and obtain a refund of her premiums.

6. Following the events set forth in the preceding paragraph, New York Life cancelled Mr. Black's appointment. Upon termination of his New York life appointment, several of Mr. Black's clients with New York life annuities surrendered those contracts and incurred surrender penalties in order to replace them through Mr. Black with annuities issued by companies with whom Mr. Black still had appointments.

The conduct above violated RCW 48.30.010, unfair or deceptive acts, RCW 48.30.090, misrepresentation of the terms of insurance policies, RCW 48.30.180, misleading comparisons and twisting, WAC 284-23-440(2)(a), replacement notice regulations, and RCW 48.17.070, agent competence and trustworthiness.

STIPULATION AND CONSENT TO ORDER

John A. Black hereby stipulates to entry of the preceding Stipulated Facts and Law and to the following Order which may be entered forthwith and without further notice. John A. Black enters into this stipulation voluntarily and in lieu of OIC's request for revocation of his licenses for the conduct set forth above and in lieu of any further proceedings in Docket Number D 06-120. Mr. Black acknowledges that if the conditions set forth in the Order are not fully met, the Insurance Commissioner may revoke his insurance agent's license pursuant to RCW 48.17.540(3).

Signed this 16th day of August, 2006.

John A Black

John A. Black

Scott A Volyn,
Attorney at Law

Counsel for Licensee

Office of the Insurance Commissioner

Charles D. Brown
OIC Staff Attorney

Counsel for the Office of the Insurance Commissioner

ORDER

IT IS ORDERED that pursuant to RCW 48.17.530, and the foregoing Stipulated Facts and Law and Consent to Order that:

1. Suspension. In lieu of the license revocation ordered in Order Revoking License, No. D 06-120, entered February 27, 2006, which revocation is hereby withdrawn, John A. Black's insurance agent's license is suspended for six (6) months, effective 30 days from the date of this Order. After six months Mr. Black's agent's license will be reinstated based upon the following criteria:

a. Mr. Black submits proof to the OIC that he has successfully completed 12 hours of business or insurance ethics course credits from an accredited college, community college, or training institution approved by OIC.
b. Mr. Black does not engage in any actions that would violate the Insurance Code or its regulations.
c. Mr. Black abstains from deceptive acts and practices honesty and equity in all business transactions.

2. Future Actions. Mr. Black shall not engage in the insurance practices alleged in the Order of Revocation or in similar practices. During the period of suspension, Mr. Black shall not engage in the business of insurance as set forth in the Insurance Code, RCW 48. Any single violation of the Insurance Code or its regulations during the period of suspension or after reinstatement of Mr. Black's license may result in license revocation.

5. This Consent Order applies only to the Office of the Insurance Commissioner and not to any other state regulatory agency. The Office of the Insurance Commissioner has continuing authority to enforce this Stipulation and Consent Order and to resolve disputes arising there from.

ENTERED AT TUMWATER, WASHINGTON, this 23rd day of August, 2006.

MIKE KREIDLER
Insurance Commissioner

By

JOHN F. HAMJE
Deputy Insurance Commissioner
Consumer Protection Division

ORDER TERMINATING PROCEEDINGS

This matter having come before OIC Chief Hearing Officer, Patricia Petersen, pursuant to the foregoing Stipulation and Order and the Chief Hearing Officer deeming herself fully advised in the premises, it is hereby ordered pursuant to RCW 48.17.530 and 48.17.560 that OIC Docket Number D 06-120 is hereby closed and dismissed as settled.

SIGNED AND ENTERED THIS 31st day of August, 2006.

PATRICIA D. PETERSEN
Chief Hearing Officer
Office of Insurance Commissioner