

ALBERTA INSURANCE COUNCIL
(the "AIC")

In the Matter of the *Insurance Act*, R.S.A. 2000 Chapter I-3
(the "Act")

And

In the Matter of Alicia Lynn Wulff
(the "Agent")

DECISION
OF
The Life Insurance Council
(the "Council")

This case involved an allegation pursuant to s. 481(2) of the Act. Specifically, it is alleged that the Agent failed or refused to provide information and documentation requested by the AIC through a formal Demand for Information (the "Demand"). In so doing, it is alleged that the Agent contravened a provision of the Act as contemplated by s. 480(1)(b).

Facts and Evidence

This matter proceeded by way of a written Report to Council dated October 25, 2018 (the "Report"). The Report was forwarded to the Agent for review, and to allow the Agent to provide the Council with any further evidence or submissions. The Agent did not respond.

In August 2018 the AIC commenced audits to verify that the Errors and Omissions ("E&O") coverage indicated on licensees' renewal applications were valid. It was found that the information disclosed by the Agent on her 2017/2018 renewal application did not align with the records of the E&O carrier. Accordingly, the AIC sent a formal Demand to the Agent requiring her to provide proof of E&O coverage as of June 30, 2018.

The Agent is the former holder of a certificate of authority allowing her to act in the capacity of a life insurance agent. The Agent held that license from January 27, 2017 to October 11, 2018, when the certificate was suspended due to her failure to provide proof of adequate E&O coverage.

On August 31, 2018, the AIC emailed the Demand which required the Agent to produce a copy of her valid E&O policy summary page by October 1, 2018. Having not received a response, the AIC also

telephoned and emailed the Agent on September 28, 2018, requesting that she respond to the Demand before the October 1, 2018 deadline. The Agent did not respond.

Discussion

The AIC operates under a delegation from the Minister of Treasury Board and Finance that authorizes the AIC to investigate complaints against holders of insurance agent certificates of authority. Pursuant to the Ministerial Directive No. 05/01, the Minister also delegated his powers under s. 481 to the AIC. Section 481 states that

“[t]he Minister may direct the holder or former holder of a certificate of authority to provide to the Minister within a reasonable period of time specified in the direction any information specified by the Minister relating to the matters in s. 480(1).”

Subsection 2 states that “... *A person served with a direction ... who has the information **must** provide the information in accordance with the direction.*” [emphasis added].

The offence of failing to respond to a demand for information is one of strict liability. As such, the AIC only has the onus to prove that the Demand was properly made upon the Agent and that the AIC has met all of the requirements under the Act, and that the Agent did not comply. Once this occurs, the responsibility then shifts to the Agent to demonstrate that she exercised due diligence in meeting her statutory requirement to respond. To substantiate this due diligence defense, the Agent must prove that she took all reasonable means to avoid making the offence. From the evidence in the Report, the Council is satisfied that the AIC’s Demand meets the requirements of the Act. Given the fact that the Agent failed to respond to the Report she has not met the burden of establishing a due diligence defense and accordingly, the Council finds her guilty of failing to provide information and documentation requested by the AIC as contemplated by s. 481(2) of the Act, and subsequently finds her guilty of violating s. 480(1)(b) of the Act.

In terms of the applicable sanction, the public relies on the AIC to investigate complaints, and the Act requires that holders provide information when called upon to do so. Therefore, the public is not well-served when agents fail to comply with demands like those made in this case. Pursuant to s. 13(1)(b) of the *Certificate Expiry, Penalties and Fees Regulation*, A.R. 125/2001, the Council has the discretion to assess a civil penalty in an amount up to \$1,000.00. In this case, the Agent has not responded in any way and the Council is of the opinion that a significant civil penalty must be assessed to send a strong message to the Agent. Therefore, the Council orders that a civil penalty of \$750.00 be levied against the Agent.

The civil penalty must be paid within thirty (30) days of the mailing of this Decision. In the event that the civil penalty is not paid within thirty (30) days, interest will begin to accrue at the applicable prescribed rate. Pursuant to s. 482 of the Act (excerpt enclosed), the Agent has thirty (30) days in which to appeal this decision by filing a notice of appeal with the Office of the Superintendent of Insurance.

This Decision was made by way of a motion made and carried at a properly conducted meeting of the Life Insurance Council. The motion was duly recorded in the minutes of that meeting.

Dated: January 9, 2019

[Original signed by]
Michael Bibby, Chair
Life Insurance Council

Extract from the *Insurance Act*, Chapter I-3**Appeal**

482 A decision of the Minister under this Part to refuse to issue, renew or reinstate a certificate of authority, to impose terms and conditions on a certificate of authority, to revoke or suspend a certificate of authority or to impose a penalty on the holder or former holder of a certificate of authority may be appealed in accordance with the regulations.

Extract from the *Insurance Councils Regulation*, Alberta Regulation 126/2001**Notice of appeal**

16(1) A person who is adversely affected by a decision of a council may appeal the decision by submitting a notice of appeal to the Superintendent within 30 days after the council has mailed the written notice of the decision to the person.

(2) The notice of appeal must contain the following:

- a) a copy of the written notice of the decision being appealed;
- b) a description of the relief requested by the appellant;
- c) the signature of the appellant or the appellant's lawyer;
- d) an address for service in Alberta for the appellant;
- e) an appeal fee of \$200 payable to the Provincial Treasurer.

(3) The Superintendent must notify the Minister and provide a copy of the notice of appeal to the council whose decision is being appealed when a notice of appeal has been submitted.

(4) If the appeal involves a suspension or revocation of a certificate of authority or a levy of a penalty, the council's decision is suspended until after the disposition of the appeal by a panel of the Appeal Board.

Address for Superintendent of Insurance:

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