

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 Marla Walker
(the "Agent")

DECISION
OF
The General 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. 481(2) and subsequently 480(1)(b) of the Act.

Facts and Evidence

This matter proceeded by way of a written Report to Council dated May 2, 2019 (the "Report"). The Report was forwarded to the Agent for review, and to allow the Agent to provide the Council with any further evidence by way of Addendum. The Agent did not respond to the Report.

The Agent is the former holder of a general insurance certificate of authority, which she held between January 22, 2013 and December 18, 2018. On January 11, 2019 the AIC received notice that the Agent was terminated from her employment, effective December 13, 2018. The correspondence, received from the Agent's employer (the "Agency") dated January 11, 2019 purported that the Agent was terminated "*following several concerns from clients that payments were made by them to her and not submitted to the insurance company*" and "*Also, clients concerns that they received pink cards but no paperwork from the insurance companies*". The Agency and affiliates corresponded with the AIC to provide supporting documentation on February 12, 2019.

To gather the perspective of the Agent, the AIC emailed the Agent a request for further information on January 18, 2019, January 20, 2019 and February 12, 2019. Having not received a response from the Agent, the AIC emailed a formal Demand on February 13, 2019. The Agent was provided with 30 days to respond to the Demand. In follow up to the Demand, the AIC also telephoned the Agent on March 20, 2019 and left a voicemail, prompting the Agent to respond to the AIC as required by statute. The Agent did not respond.

Discussion

The AIC operates under delegations granted by the Minister of Treasury Board and Finance which authorize the AIC to investigate complaints against holders, and former 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).**”
[Emphasis added]

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

The offence of failing to respond to a demand for information is one of strict liability. As such, the onus on the AIC is only to prove that the Demand was properly made and communicated to the Agent (proper in the sense that the AIC has met all of the requirements under the Act), and that the Agent did not respond. 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 defence, the Agent must prove that she took all reasonable means to avoid making the offence. In consideration of the evidence before it, the Council is satisfied that the AIC’s Demand meets the requirements under the Act. Accordingly, the Council finds the Agent 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, and former holders, of certificates of authority 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 levy 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 communicate a strong message to the industry. 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 General Insurance Council. The motion was duly recorded in the minutes of that meeting.

Dated: August 21, 2019

[Original signed by]
Amanda Sawatzky, Vice-Chair
General 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:

Superintendent of Insurance
Alberta Finance
402 Terrace Building
9515-107 Street
Edmonton, Alberta T5K 2C3