

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 Canadian Farm Insurance Services Inc. o/a Canadian Special Risks  
(the "Agency")

As represented by  
Designated Representative  
William (Bill) Grieve  
(the "DR")

**AGREED STATEMENT OF FACTS AND JOINT SUBMISSION**

WHEREAS the AIC conducted an investigation into the Agency based on the DR's self-reported admission that the Agency had been compensating the DR for sales made while the DR was unlicensed;

AND WHEREAS the investigation established that between January 2018, and August 2019, while not having the required Certificates of Authority, the Agency sold an accidental death and dismemberment product (the "Product") as an add on to a commercial general liability product;

AND WHEREAS the investigation established that the Agency compensated the DR for the sale of the Product during a period which the DR was not properly licensed in order to sell the Product;

AND WHEREAS the Agency is aware of the opportunity to retain and instruct legal counsel with respect to the matters referred to in this Agreed Statement of Facts and Joint Submission;

NOW THEREFORE the DR and the investigator agree as follows:

- 1.0 For the purposes of this Agreed Statement of Facts and Joint Submission, the Agency, through its DR, makes the following admissions and submissions:
  - 1.1.1 The Agency is the holder of a Certificate of Authority (7-10935501) to transact business as a general insurance agency since and has been consistently licensed since October 31, 2013, but for a brief unlicensed period from November 24, 2015, to June 14, 2016.
  - 1.1.2 The Agency is also the holder of an Accident and Sickness Certificate of Authority (6-10935501) and a Full Life Certificate of Authority (5-10935501). The Agency has been held its Life and Accident and Sickness Certificates of Authority continuously since August 15, 2019.
  - 1.1.3 On November 26, 2019, the DR emailed the AIC to advise that the DR, and the Agency, had inadvertently engaged in unlicensed activity.
  - 1.1.4 The DR advised the investigator that the Agency was approached by Chubb Insurance Company of Canada ("CICC") to sell the Product as an add-on to CICC's commercial general

liability product. The DR informed the investigator that he was advised by the President of CICC that the Product was covered under the Agency's general license.

- 1.1.5 The Agency worked with CICC to develop a program to market and sell the Product and, in January 2018, the DR began to sell the Product as an add on to the Agency's commercial general liability program resulting in \$68,232.80 in gross premiums being paid to CICC and resulting in approximately \$20,409.84, in commissions being paid to the Agency.
- 1.1.6 The investigator wrote to CICC in March 2019 to verify these amounts. CICC confirmed the number of policies sold and the amounts received in premiums/paid in commissions.
- 1.1.7 In the Summer of 2019, the DR was advised by CICC that the Product did not fall under the Agency's general license; therefore, the DR, and the Agency, would be required to get Life and Accident and Sickness Certificates of Authority in order to properly sell the product in Alberta.
- 1.1.8 Until this matter was brought to the DR's attention in August 2019, the DR advised the investigator that the inadvertent licensing error resulted in the DR marketing, selling, and receiving commissions for the Product from the Agency while the DR was not properly licensed.
- 1.1.9 Accordingly, upon discovering the licensing issue, the Agency ceased selling and compensating the unlicensed DR for the sale of the Product, reported the situation to all impacted clients, and to self-report the issue to the AIC.
- 1.1.10 The Agency has since obtained the proper licenses required to sell the Product as another individual from the Agency obtained their Life and Accident and Sickness Certificates of Authority in August 2019 and this individual is now responsible for the sale of the Product.
- 1.1.11 The DR has been licensed for several years and the DR acknowledges the seriousness of this matter.
- 1.1.12 The Agency was previously sanctioned by the General Insurance Council for a compensating an unlicensed individual in 2017.
- 1.1.13 The Agency has acknowledged the mistake and has instituted processes to correct the issue and to ensure that it does not reoccur. The Agency is aware that any similar future occurrences may result in a potential fine as high as \$1,000.00 per every policy it compensates an unlicensed agent for.

2.0 As a result of the facts set out in this Agreed Statement of Facts and Joint Submission, the Agency contravened section 499(1) of the Act, and consequently violated section 480(1)(b) of the Act for compensating an unlicensed agent.

3.0 The DR and the investigator jointly recommend to the The Life Insurance Council (the "Council") that the Council approve this Agreed Statement of Facts and Joint Submission and resolve, dispose of and finally conclude this matter involving the Agency by approving a decision in the form annexed hereto as Schedule 1, which provides for a civil penalty in the amount of \$1,000.00 in accordance with the penalties prescribed in section 13(1)(b) of the Certificate Expiry, Penalties and Fees Regulation, AR 125/2001.

4.0 The Agency recognizes that the acceptance of the decision set out in Schedule 1 shall be at the unfettered discretion of the Council.

- 5.0 The Agency is aware of and acknowledges that upon receiving notification of the Council's decision, the civil penalty specified in Schedule 1 must be paid within the time frames set out in section 480(4) of the Act.
- 6.0 The Agency is also aware of and acknowledges that by entering into this Agreed Statement of Facts and Joint Submission, the Agency waives their right to appeal this decision as set out in section 482 of the Act.
- 7.0 The Agency waives any existing right they may have under the Act or otherwise to a hearing, review, judicial review or appeal of this matter.
- 8.0 The Agency acknowledges that this Agreed Statement of Facts and Joint Submission may be referred to in this or any other proceeding under the Act, and in regulatory proceedings in other jurisdictions.
- 9.0 The Agency recognizes that this Agreed Statement of Facts and Joint Submission resolves all issues involving the Agency in this matter only, as the matter is described above.
- 10.0 This Agreement can be executed in several counterparts, each of which will be treated in the same way as an original, and all the counterparts will together make a single agreement.
- 11.0 This Agreement can be executed and exchanged by facsimile or other electronic means and in such a way is binding as if original signatures were used.

Dated at the City of Calgary, in the Province of Alberta this 14th day of August, 2020.

ALBERTA INSURANCE COUNCIL

PER:

[Original signed by]

Nicholas Woodhouse, Investigator

Dated at the City of Athabasca, in the Province of Alberta this 20th day of August, 2020.

[Original signed by]

William (Bill) Grieve, Designated Representative

**In the presence of:**

[Original signed by]

Signature of Witness

[H.M.]

Name of Witness (please print)

**SCHEDULE 1**

ALBERTA INSURANCE COUNCIL  
(the "AIC")

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

In the Matter of Canadian Farm Insurance Services Inc. o/a Canadian Special Risks  
(the "Agency")

As represented by  
Designated Representative  
William (Bill) Grieve  
(the "DR")

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

WHEREAS the AIC conducted an investigation into the Agency based on the DR's self-reported admission that the Agency had been compensating the DR for sales made while the DR was unlicensed;

AND WHEREAS the investigator of the AIC made a request for information in relation to an investigation being conducted by the AIC into the Agency compensating an unlicensed agent;

AND WHEREAS as a result of information received, the investigator and the DR of the Agency entered into an Agreed Statement of Facts and Joint Submission, a copy of which is attached hereto;

AND WHEREAS pursuant to the Agreed Statement of Facts and Joint Submission, the DR has agreed that the Agency will pay a civil penalty in the amount of ONE THOUSAND DOLLARS (\$1,000.00) and has acknowledged that the Council has the discretion to accept or reject that recommendation;

AND WHEREAS the Council considers that it would be in the public interest to approve the said Agreed Statement of Facts and Joint Submission;

IT IS ORDERED that:

1. The Agreed Statement of Facts and Joint Submission be accepted and is hereby approved; and
2. The Agency pay a fine of ONE THOUSAND DOLLARS (\$1,000.00), in accordance with the terms and conditions set out in the Agreed Statement of Facts and Joint Submission.

The attached Agreed Statement of Facts and Joint Submission was reviewed by the Council and a motion to approve this decision was made and carried at a properly conducted meeting of the The Life Insurance Council. The motion was duly recorded in the minutes of that meeting.

Date: September 2, 2020

[Original signed by]  
Chair Life Insurance Council