

ALBERTA INSURANCE COUNCIL  
(the “AIC”)

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

And

Megan Cartwright  
(the “Agent”)

DECISION  
OF  
The General Insurance Council  
(the “Council”)

This case involves allegations pursuant to s. 480(1)(a) of the Act. Specifically, it is alleged that the Agent, on two (2) occasions, misappropriated client funds by requesting that one (1) of the Agent’s clients make a payment through an email money transfer directly to the Agent’s email address, and by requesting that one (1) of the Agent’s clients make a payment with cash directly to the Agent, with neither of these payments being forwarded to the agency or the insurer. In so doing, it is alleged that the Agent is guilty of misrepresentation, fraud, deceit, untrustworthiness, and/or dishonesty, as contemplated by s. 480(1)(a) of the Act.

**Facts and Evidence**

This matter proceeded by way of a written Report to Council prepared on April 7, 2025 (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 by way of Addendum. In arriving at its conclusion, the Council carefully reviewed all evidence presented.

The Agent held a General Insurance – Level 1 Agency certificate of authority from July 20, 2015, to April 24, 2023, when her certificate of authority was terminated.

This matter arose in response to an email received by the AIC on June 1, 2023, from [A.I.S.L.] [redacted] (hereinafter the “Current Agency”):

[...]

On April 12 one of our branches notified me that they had dismissed an employee, Megan Cartwright [...] with cause. I cancelled her license and then [S.B.] [redacted] advised me that [S.B.] [redacted] needed more details. I immediately interviewed the branch and when I replied to [S.B.] [redacted], [S.B.] [redacted] advised that due to the seriousness of this case it should be reported to the compliance department.

The branch has done a thorough review of all the files that Megan worked on while employed by their office. They have done up a full report along with a list of funds they have found that Megan took and did not submit to insurance companies along with a list of clients who she issued pink cards to and did not put in place an insurance policy. All clients have been contacted and policies either written up for them or officially notified that they do not have coverage.

[...]

In the same email dated June 1, 2023, the Current Agency provided the AIC with the following documents:

1. A report from the Current Agency to the AIC (the “June 1, 2023 Report”); and
2. A table describing the misappropriate use of funds by the Agent (the “Misappropriate Use of Funds Table”).

The June 1, 2023 Report stated, in part:

[...]

- March 29th, 2023

- o At the quarterly review meeting with our management team of [T.S.] [redacted], [A.S.] [redacted] and [B.S.] [redacted], [B.S.] [redacted] shared that a client had received back dated pink cards from M. Cartwright. Client sent photograph confirmation of pink cards. Client had no active policy in place.
- o [T.S.] [redacted] phoned M. Cartwright to discuss and M. Cartwright confirmed that this action was taken and pink cards were falsely provided.
- o [T.S.] [redacted] & [A.S.] [redacted] drove to Blairmore location (90 minutes) and immediately terminated M. Cartwright. Went through all current files with M. Cartwright. [...]

- APRIL 2023

[...]

- o During the first two weeks post M. Cartwright’s termination we determined that deeper investigation into M. Cartwright was needed.

[...]

- o Contacted M. Cartwright as she had been in contact with clients. Informed her again that she was not to speak to clients regarding anything insurance related.

[...]

The Misappropriate Use of Funds Table provided the following information:

Broker received dollars from client	Broker applied dollars to existing policy	Broker set up new policy and applied dollars	[...]	Customer Name	[...]	Amount	Notes
YES	NO	N/A		[G.C.] [redacted] (hereinafter “Client 1”) & [D.C.] [redacted]		[\$redacted]	Agency reimbursed client for misappropriate use of funds. Client has existing policy with agency.
[...]	[...]	[...]		[...]		[...]	[...]
YES	N/A	NO		[Z.G.] [redacted] (hereinafter “Client 2”) & [M.C.] [redacted]		[\$redacted]	Agency reimbursed client for misappropriate use of funds. Client has existing policy with agency.

On June 7, 2023, the AIC investigator requested the following information from the Current Agency:

[...]

- Any/all correspondence with Megan Cartwright regarding this matter; and,
- Documentation of the liability slips issued without coverage in place; and,
- Confirmation of payments taken by the agent directly; and,
- Detailed explanation of your supervision and training procedures; and,
- Any other information or documents you feel may be relevant.

[...]

On June 21, 2023, the Current Agency provided the AIC investigator with the following documents:

1. A receipt for a cash payment dated February 17, 2023, prepared by the Agent for Client 2 (hereinafter the “Client 2 Receipt”);
2. A letter of termination of employment dated March 29, 2023, from [A.W.I.L.] [redacted] (hereinafter the “Former Agency”) to the Agent (the “March 29, 2023 Termination Letter”);
3. An email dated April 25, 2023, from the Current Agency to the Agent (the “April 25, 2023 Email”).
4. A report dated June 19, 2023, from the Current Agency to the AIC (the “June 19, 2023 Report”); and
5. A letter dated June 19, 2023, from the Former Agency to the Agent (the “June 19, 2023 Letter”).

The Client 2 Receipt contained the following information:

[Former Agency] [redacted]

[...]

Received From: [Client 2] [redacted]

[...]

Receipt For Payment #	
Account Number	Date
G*****01 [redacted]	2/17/2023
Homeowners	
Policy Number	
0011 *****-**59 [redacted]	
Effective	Expiration
12/1/2022	12/1/2023
Company	
[S.M.I.C.] [redacted]	
Amount Received:	[\$[payment amount] [redacted]]
Cash	

This is to certify that we received payment from the above listed insured in the amount of \$[payment amount] [redacted]

[...]

[Emphasis added in original document]

The March 29, 2023 Termination Letter stated:

[...]

This letter is to advise you that pursuant to section 11 of the Producer Agreement between you and \*\*\*\*\*9 [redacted] Alberta Ltd. in its capacity as general partner of [G.I.B.L.P.] [redacted], operating as [the Former Agency] [redacted], dated August 1, 2021 (the “Producer Agreement”) is terminated effective March 29th, 2023.

[...]

The April 25, 2023 Email stated:

[...]

We have been advised by a client that they spoke with you yesterday. The client has informed us that they spoke with you about payment of a policy and provided you with a credit card number.

As [A.A.] [redacted] informed you last week, you are not to speak to clients about anything related to the business of insurance.

[...]

I need to ask you formally to stop talking to clients regarding anything related to insurance.

[...]

The June 19, 2023 Report stated:

[...]

Confirmation of payments taken by the agent directly – see attached

- [Client 2] [redacted] Cash Receipt - \$[payment amount] [redacted] – February 17, 2023
- [Client 1] [redacted] e-transfer - \$[payment amount] [redacted]. Received by megan.c@\*\*\*\*\*.ca [redacted] October 2022.

[...]

- In 2019, we found that Megan’s processes were not aligned with what was required from Corporate Head Office and our individual branch standards.
  - We worked with Megan and [P.W.] [redacted], Director of Learning & Development & Personal Lines of [the Former Agency] [redacted] to remedy her processes.
  - None of the concerns were outside the scope of AIC council standards.
  - In time we made the decision to suspend her binding authority until her processes were improved and realigned to office standards & requirements.
  - We required her to work out of the Lethbridge office for monitoring purposes and support.
  - A decision was made that process concerns were remedied. Binding authority was returned. We provided additional monthly support by conducting a SBAP Audit to ensure all documents were submitted in a timely manner. This continued until we moved to EPIC in October 2022.

[...]

- In March 2023, we were informed by a client that they had received pink cards on a policy that was not active for the dates listed on the pink cards. The client sent us a copy of the pink cards ([B.W.] [redacted]). I immediately phoned Megan and asked if she had back dated pink cards. She confirmed that she had. We took immediate action, and she was terminated that day.

The June 19, 2023 Letter stated:

[...]

Further to our correspondence of March 29, 2023, terminating the Producer Agreement between yourself and \*\*\*\*\*9 [redacted] Alberta Ltd. in its capacity as general partner of [G.I.B.L.P.] [redacted], operating as [the Former Agency] [redacted] (hereinafter referred to as the “Producer Agreement”), we are writing to inform you that we have commenced an investigation into this matter.

At this point in the investigation, considerable instances of negligence and misconduct have been discovered, including but not limited to, fictitious pink slips being issued, policies not being instated or reinstated as required, claims not being submitted and monies being collected and not forwarded to the appropriate party. To date, [the Former Agency] [redacted] has incurred a total of \$[redacted] of costs and payouts due to the potential risks inflicted as a specific result of your negligence and misconduct.

[...]

On June 27, 2023, the AIC investigator requested the following information from the Current Agency:

[...]

- I have attached the excel spreadsheets with the original notice to the AIC, please provide explanation on why documentation was not provided for all indicated cases; and,

- Any correspondence between Megan Cartwright and the consumers that were issued pink slips incorrectly or sent money to the agent; and,
- Confirmation/documentation showing Megan Cartwright did not have access to accept e-transfers or deposit on behalf of the Agency; and,
- Confirmation/documentation showing no corresponding deposits were made to the Agency's account; and,
- Any insurance documents in relation to payments taken and pink slips issued; and,
- A list of all policy numbers and insurers listed on pink slips (some of the images could not be read).

[...]

On July 12, 2023, the Current Agency provided the AIC investigator with the following information:

[...]

- Any correspondence between Megan Cartwright and the consumers that were issued pink slips incorrectly or sent money to the agent; and,
  - We have requested from the consumers but have received little. When we have contacted the consumer, they have stated that broker Megan Cartwright stated policy was still in force, when it had cancelled for non payment or lapsed. Others were for polices that were not completed when pink cards were initially provided.
  - Again, the information was not captured in our broker management system by Megan, as unknown to us, she wasn't following our processes. There is no way we would have been able to know this and once we did know it, we took immediate action.
- Confirmation/documentation showing Megan Cartwright did not have access to accept e-transfers or deposit on behalf of the Agency; and,
  - As per [Former Agency] [redacted] process, all e-transfers are to be sent to [accounting@\\*\\*\\*\\*\\*.ca](mailto:accounting@*****.ca) [redacted] (trust account). Megan clearly made the decision to go outside of these processes.
  - As per [Former Agency] [redacted] process, all cash was to be sent by courier to our Lethbridge office for deposit into the trust account. Megan clearly made the decision to go outside of these processes.
- Confirmation/documentation showing no corresponding deposits were made to the Agency's account; and,
  - [...] no deposits reported for [Client 1] [redacted] in Aug 2022, Sept 2022, or Oct 2022 no deposits reported for [Client 2] [redacted] in Dec 2022

[...]

- A list of all policy numbers and insurers listed on pink slips (some of the images could not be read).
  - Please see attached spreadsheet with updated information.

[...]

On September 30, 2024, the Current Agency provided the AIC investigator with the following information:

[...]

Good morning, [AIC investigator] [redacted], please see the responses below in answer to your e-mail of September 16<sup>th</sup>. [...]

5.[Client 1] [redacted] & [D.C.] [redacted]:

- a. The spreadsheet indicates the amount of funds was \$[redacted]. But only two e-transfers were provided for \$[payment amount] [redacted] and \$[payment amount] [redacted]. Please explain the discrepancy and provide supporting documentation for the remaining amount. **ATTACHED**  
[...]
- b. It also indicates that they had an existing policy in place, how did they previously pay for their policy? **From what I can see they have paid by cheque to [the Former Agency] [redacted] 1 time. I could not locate other times they have paid us.**
- c. Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc. **There are no email attachments in our system for payments with he [sic] exception in 2018/2019/2020 reminder notices emailed to client. I have attached the quote that was basis for the \$[payment amount] [redacted] payment and the cancellation notices for the policies. A pink card was printed when the [P.I.C.] [redacted] auto was quoted but no policy was issued, no signed application is attached**

- 6. [...]
- 7. [Client 2] [redacted] & [M.C.] [redacted]: It is mentioned that they had an existing policy in place. How did they pay their premiums in previous years? Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc. **In 2019 and 2021 client paid by Visa to use and we processed with [M.I.] [redacted]. 2022 [M.I.] [redacted] did not renew the policy. I have attached the quote the client paid cash for. No signed docs were submitted to the company for policy to be issued, no payment was submitted for deposit and sending to company.**
- 8. [...]  
[Emphasis added in original document]

In the same email dated September 30, 2024, the Current Agency provided the AIC with the following documents:

- 1. A letter dated September 1, 2022, from [M.I.] [redacted] to the Former Agency (the “September 1, 2022 Letter”);
- 2. An automobile insurance quote prepared on October 28, 2022, by the Agent for Client 1 (the “Client 1 Insurance Quote”); and
- 3. A screenshot of an email money transfer that was sent on October 28, 2022, from Client 1 to the Agent (the “Client 1 Payment Screenshot”).

The September 1, 2022 Letter stated:

[...]  
 We’re writing to let you know that the following [M.I.] [redacted] policy will expire on November 1, 2022.  
 Name(s) of insureds: [Client 2] [redacted]  
 Policy Number: CB\*\*\*\*\*10 [redacted]  
 [...]  
 Please note that it is your responsibility to place this business with an alternative market as soon as possible.  
 [...]

The Client 1 Insurance Quote provided the following information:

Client Name	Insurer	Effective Date	Total Premium
[Client 1] [redacted]	[P.I.C.] [redacted]	10/31/2022	[\$policy premium] [redacted]

The Client 1 Payment Screenshot provided the following information:

[...]  
 [\$policy premium] [redacted]

**RECEIVED**

---

From [bank account] [redacted]

---

To megan c  
 megan.c@\*\*\*\*\*.ca [redacted]

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Date sent October 28, 2022

megan c has accepted this transaction.  
 [...]
   
 [Emphasis added in original document]

On October 1, 2024, the Current Agency provided the AIC investigator with the following information:

[...]

5.[Client 1] [redacted] & [D.C.] [redacted]:

- a. The spreadsheet indicates the amount of funds was \$[redacted]. But only two e-transfers were provided for \$[payment amount] [redacted] and \$[payment amount] [redacted]. Please explain the discrepancy and provide supporting documentation for the remaining amount.
  - i. **ATTACHED [...]**
- b. It also indicates that they had an existing policy in place, how did they previously pay for their policy? **From what I can see they have paid by cheque to [the Former Agency] [redacted] the first time. I could not locate other times they have paid us. This can happen when the client pays directly to the insurance company or if Ms. Cartwright paid directly to the company on their behalf with credit card information and not provide a receipt. This is not our process. Our process is to note the system when payment is made with the receipt from the insurance company portal as well as a receipt in our BMS.**
- c. Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc. **There are no email attachments in our system for payments with he [sic] exception in 2018/2019/2020 reminder notices emailed to client. Our process is to attach all communication to the client and to avoid communicate by text as it is not easy to attach to our BMS.**
- d. **I have attached the quote that was basis for the \$[policy premium] [redacted] payment and the cancellation notices for the policies. A pink card was printed when the [P.I.C.] [redacted] auto was quoted but no policy was issued, no signed application is attached. This is counter to our process as well. Our expectation is to complete the application process prior to providing a pink card to the clients.**

6. [...]

7. [Client 2] [redacted] & [M.C.] [redacted]: It is mentioned that they had an existing policy in place. How did they pay their premiums in previous years? Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc.

- b. **In 2019 and 2021 client paid by Visa to us and we processed with [M.I.] [redacted]. In 2022 [M.I.] [redacted] did not renew the policy. I have attached the quote the client paid cash for. No signed docs were submitted to the company for policy to be issued, no payment was submitted for deposit and sending to company, which is against process. We had set up courier for cash payments to be sent to [the Former Agency's] [redacted] Lethbridge office by request of Ms. Cartwright as her clients often would like to pay by cash. She would set up courier and let us know to expect it, it would be delivered to our Lethbridge office and we would complete the deposit into the trust account and complete the deposit sheet so Head office would know where to send the funds. This was not completed on this file. I have attached a picture of the receipt for reference.**

[...]

[Emphasis added in original document]

In the same email dated October 1, 2024, the Current Agency provided the AIC investigator with a table summarizing some of the details of transactions of clients that had worked with the Agent:

Confirmation of Ins provided	Money received	[...]	Customer Name	[...]	Amount	Paid
[...]	[...]		[...]		[...]	[...]
yes	yes		[Client 1] [redacted] & [D.C.] [redacted]		\$[redacted]	Y pd [sic] for e transfers sent to Ms. Cartwright, e

						transfer documentation attached.
[...]	[...]		[...]		[...]	[...]
No	Yes		[Client 2] [redacted] & [M.C.] [redacted]		[\$redacted]	Y cash payment made to Ms. Cartwright, no record of it being forwarded [sic] to company or of a policy being set up.
[...]	[...]		[...]		[...]	[...]

On November 4, 2024, the AIC investigator requested the following information from [S.M.I.C.] [redacted]:

[...]

A client made a cash payment to their agency for a policy with [S.M.I.C.] [redacted] (policy # is 0011\*\*\*\*\*-\*\*59) [redacted]. Client’s name is [Client 2] [redacted]. The payment was made in February 2023.

Could you confirm if this is a legitimate policy and if/when a payment was received by [S.M.I.C.] [redacted]?

[...]

By way of email dated the same, [S.M.I.C.] [redacted] provided the following information:

[...]

The policy number of 11\*\*\*\*\*-\*\*59 is not associated with a client name of [Client 2] [redacted].

The type of policy number referenced is part of our course of construction program, and the policy could be listed under the buyer or the builder’s name. Can you advise the risk location so I can investigate further?

[...]

On November 8, 2024, the AIC investigator requested the following information from [S.M.I.C.] [redacted]:

[...]

[The Current Agency] [redacted] confirmed the policy was for [K.M.H.] [redacted] which is not a company owned by [Client 2] [redacted].

[The Current Agency] [redacted] also confirmed that it looked like the legitimate policy was from March 2022 with an extension to September 2022.

Please let me know if there are any discrepancies to the above.

[...]

On November 28, 2024, [S.M.I.C.] [redacted] provided the following information:

[...]

Yes, that is the client we have record of for this policy.

The policy dates are correct, however; we show an additional extension was processed from Sept 22, 2022, to Oct 22, 2022.

[...]

On December 2, 2024, the Current Agency provided the AIC investigator with the following information:

[...]

My answers are below in bold, if you require anything else please let me know.

[...]

1. What was observed that removed Megan's binding authority?
  - a. **Megan's binding authority was removed as she had printed a pink card prior to receiving a signed application. She had said at that time that she had not provided the pink cards to the client but there was 1 instance that we knew of where a pink card was sent with application docs for the client to take and get partner to sign. To be cautious it was decided that her binding authority for auto would be removed.**
2. What was the deciding factor to give Megan binding authority back?
  - a. **[A.S.] [redacted] had been going through TAM reports weekly with Megan for approximately a year ensuring all new business was submitted for processing timely and no pink cards were printed for clients with out sending the request to the team or getting verbal consent from [A.S.] [redacted]. There were no known issues in that time, so binding authority on auto was reinstated.**
  - b. **She also came to Lethbridge weekly to ensure processes were followed, additional training was provided, and we had 'eyes' on her.**
3. Who and how was Megan supervised?
  - a. **Megan had to submit applications to PL submission for approval from Head office to ensure accurate rating and application completion. Approval to come off of that program was given by head office.**
  - b. **[A.S.] [redacted], [B.S.] [redacted], and [T.S.] [redacted] were Megan's main supervisors. We had communication with her, communication with clients, access to reports. [A.S.] [redacted] completed audits, reviewed reports with Megan and/or [B.S.] [redacted] and [T.S.] [redacted]. Megan would also come to the Lethbridge office when requested for training and both personal and team development.**
  - c. [...]
4. It is mentioned that the Agency policy was to courier cash to the Lethbridge office and e-transfers were to be sent to the accounting email. How is this communicated to Agents? Do you have any acknowledgment from Megan regarding these procedures?
  - a. **E transfer communication was sent to the team after covid-19 closed offices to assist in clients making payments on policies. This communication came from our payment team to entire team and she had used this process regularly. There was no concern that she didn't understand the process.**
  - b. **Megan set up the courier service for cash to Lethbridge as she wanted to have that option available to her clients so they could pay by cash. There is no access to the trust account bank in her community. She had used this process regularly. There was no concern that she didn't understand the process.**

[...]

[Emphasis added in original document]

### **Discussion**

For the Council to conclude that the Agent has committed an offence pursuant to s. 480(1)(a) of the Act, the Report must prove, on the basis of clear and cogent evidence, that it is more likely than not that the Agent committed the act as alleged. The Council is cognizant that findings of guilt under s. 480(1)(a) can dramatically impact an insurance intermediary's ability to remain in the industry. Therefore, the Council carefully weighs all evidence before it before reaching its decision.

The applicable legal test to determine the Agent's guilt in violating s. 480(1)(a) of the Act is set out in the Court of Queen's Bench of Alberta decision, *Roy v. Alberta (Insurance Councils Appeal Board)*, 2008 ABQB 572 (hereinafter referred to as "*Roy*"). In *Roy*, the Life Insurance Council found that an agent violated s. 480(1)(a) of

the Act by attesting to completing the required continuing education hours when he did not, in fact, complete the required continuing education hours. The Insurance Councils Appeal Board also found the agent guilty on appeal. The agent advanced the decision to the Court of Queen's Bench of Alberta.

In his reasons for judgment dismissing the appeal, Mr. Justice Marceau wrote as follows at paragraphs 24 to 26:

[24] The Long case, albeit a charge under the Criminal Code of Canada where the onus of proof is beyond a reasonable doubt (not on a preponderance of evidence as in this case), correctly sets out the two step approach, namely the court or tribunal must first decide whether objectively one or more of the disjunctive elements have been proven. If so, the tribunal should then consider whether the mental element required has been proved. While the Appeal Board said it was applying the Long decision, it did not make a finding as to whether step 1 had been proved with respect to each of the disjunctive elements. Rather it immediately went into a step 2 analysis and found that the mental element required for untrustworthiness might be less than the mental element required for fraud (as a given example).

[25] I am of the view that statement was in error if it was made to convey a sliding scale of *mens rea* or intent depending on which of the constituent elements was being considered. In my view, the difference between the disjunctive elements may be found in an objective analysis of the definition of each and certainly, as demonstrated by the Long case, what constitutes fraud objectively may be somewhat different from untrustworthiness. However once the objective test has been met, one must turn to the mental element. Here to decide the mental element the Appeal Board was entitled, as it did, to find the mental element was satisfied by the recklessness of the Applicant.

[26] While the language used by the Appeal Board may be characterized as unfortunate, on this review on the motion of the Applicant I need not decide whether the Appeal Board reasonably could acquit the Applicant on four of the disjunctive elements. Rather, the only matter I must decide is whether the Appeal Board acting reasonably could conclude, as they did, that the Applicant's false answer together with his recklessness justified a finding of "untrustworthiness".

[Emphasis added]

The decision of the Insurance Councils Appeal Board was subsequently upheld, its findings confirmed, and the agent was found guilty of an offence pursuant to s. 480(1)(a) of the Act.

The evidence in these types of cases is based on the concept of "*clear and cogent*" evidence. In *The Matter of the Appeal of Arney Falconer*, Chairperson Hopkins dealt with this principle of clear and cogent evidence and provided as follows:

The Life Insurance Council stated in the Decision that there is a requirement "for 'clear and cogent evidence' because our findings can dramatically impact an insurance agent's ability to remain in the industry". However, the requirement for clear and cogent evidence does not mean that the evidence is to be scrutinized any differently than it should be in any other civil case. **In all civil cases evidence must be sufficiently clear, convincing and cogent to satisfy the balance of probabilities.** In *F.H. v. McDougall* 2008 SCC) [sic]; [2008] 3 S.C.R. 41 the Supreme Court of Canada states:

[45] To suggest that depending upon the seriousness, the evidence in the civil case must be scrutinized with greater care implies that in less serious cases the evidence need not be scrutinized with such care. I think it is inappropriate to say that there are legally recognized different levels of scrutiny of the evidence depending upon the seriousness of the case. There is only one legal rule and that is that in all cases, evidence must be scrutinized with care by the trial judge.

[46] Similarly, evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test. But again, there is no objective standard to measure sufficiency. In serious cases, like the present, judges may be faced with evidence of events that are alleged to have occurred many years before,

where there is little other evidence than that of the plaintiff and defendant. As difficult as the task may be, the judge must make a decision. If a responsible judge finds for the plaintiff, it must be accepted that the evidence was sufficiently clear, convincing and cogent to that judge that the plaintiff satisfied the balance of probabilities test.

[Emphasis added]

Contraventions of s. 480(1)(a) are *mens rea* offences that require proof of intent, knowledge, or recklessness on a balance of probabilities. Section 480(1)(a) of the Act reads:

If the Minister is satisfied that the holder or a former holder of a certificate of authority has been guilty of misrepresentation, fraud, deceit, untrustworthiness or dishonesty, [...] the Minister may revoke, suspend or refuse to renew or reinstate one or more of the certificates of authority held by the holder, impose terms and conditions provided for in the regulations on one or more of the certificates of authority held by the holder and impose a penalty on the holder or former holder.

The Report alleged that the Agent was guilty of two (2) counts of misrepresentation, fraud, deceit, untrustworthiness, and/or dishonesty, as contemplated by s. 480(1)(a) of the Act when the Agent misappropriated client funds by requesting that one (1) of the Agent’s clients pay their policy premium through an email money transfer directly to the Agent’s email address, and by requesting that one (1) of the Agent’s clients pay their policy premium with cash directly to the Agent, with neither of these payments being transferred to the Former Agency, the Current Agency, or any insurer.

The Council took note of the statements the Current Agency made in their June 1, 2023, email:

[...]  
 The branch has done a thorough review of all the files that Megan worked on while employed by their office. They have done up a full report along with a list of funds they have found that Megan took and did not submit to insurance companies along with a list of clients who she issued pink cards to and did not put in place an insurance policy. All clients have been contacted and policies either written up for them or officially notified that they do not have coverage.  
 [...]

Regarding the transactions with both Client 1 and Client 2, the Council took particular note of the findings made by the Current Agency outlined in the Misappropriate Use of Funds Table:

Broker received dollars from client	Broker applied dollars to existing policy	Broker set up new policy and applied dollars	[...]	Customer Name	[...]	Amount	Notes
YES	NO	N/A		[G.C.] [redacted] (hereinafter “Client 1”) & [D.C.] [redacted]		[\$[redacted]]	Agency reimbursed client for misappropriate use of funds. Client has existing policy with agency.
[...]	[...]	[...]		[...]		[...]	[...]
YES	N/A	NO		[Z.G.] [redacted] (hereinafter		[\$[redacted]]	Agency reimbursed

				“Client 2”) & [M.C.] [redacted]			client for misappropriate use of funds. Client has existing policy with agency.
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The Council also noted the findings made by the Current Agency in the June 19, 2023 Report:

- [...]
- Confirmation of payments taken by the agent directly – see attached
- [Client 2] [redacted] Cash Receipt - \$[payment amount] [redacted] – February 17, 2023
  - [Client 1] [redacted] e-transfer - \$[payment amount] [redacted]. Received by megan.c@\*\*\*\*\*.ca [redacted] October 2022.
- [...]

The Council further noted the statements regarding the Agent made by the Former Agency in the June 19, 2023 Letter:

[...]

At this point in the investigation, considerable instances of negligence and misconduct have been discovered, including but not limited to, fictitious pink slips being issued, policies not being instated or reinstated as required, claims not being submitted and monies being collected and not forwarded to the appropriate party. To date, [the Former Agency] [redacted] has incurred a total of \$[redacted] of costs and payouts due to the potential risks inflicted as a specific result of your negligence and misconduct.

[...]

The Council took note of the findings made by the Current Agency in their July 12, 2023, email to the AIC:

- [...]
- Confirmation/documentation showing Megan Cartwright did not have access to accept e-transfers or deposit on behalf of the Agency; and,
    - As per [Former Agency] [redacted] process, all e-transfers are to be sent to [accounting@\\*\\*\\*\\*\\*.ca](mailto:accounting@*****.ca) [redacted] (trust account). Megan clearly made the decision to go outside of these processes.
    - As per [Former Agency] [redacted] process, all cash was to be sent by courier to our Lethbridge office for deposit into the trust account. Megan clearly made the decision to go outside of these processes.
  - Confirmation/documentation showing no corresponding deposits were made to the Agency’s account; and,
    - [...] no deposits reported for [Client 1] [redacted] in Aug 2022, Sept 2022, or Oct 2022 no deposits reported for [Client 2] [redacted] in Dec 2022
- [...]

Regarding the transactions with both Client 1 and Client 2, the Council noted the statements made by the Current Agency in their September 30, 2024, email to the AIC:

- [...]
- 5.[Client 1] [redacted] & [D.C.] [redacted]:
- [...]
- b. It also indicates that they had an existing policy in place, how did they previously pay for their policy? **From what I can see they have paid by cheque to [the Former Agency] [redacted] 1 time. I could not locate other times they have paid us.**
  - c. Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc. **There are no email attachments in our system for payments with he [sic] exception in 2018/2019/2020 reminder notices emailed to client. I have attached the quote that was basis for the \$[policy premium]**

[redacted] payment and the cancellation notices for the policies. A pink card was printed when the [P.I.C.] [redacted] auto was quoted but no policy was issued, no signed application is attached

[...]

7. [Client 2] [redacted] & [M.C.] [redacted]: It is mentioned that they had an existing policy in place. How did they pay their premiums in previous years? Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc. **In 2019 and 2021 client paid by Visa to use and we processed with [M.I.] [redacted]. 2022 [M.I.] [redacted] did not renew the policy. I have attached the quote the client paid cash for. No signed docs were submitted to the company for policy to be issued, no payment was submitted for deposit and sending to company.**

[...]

[Emphasis added in original document]

The Council also noted the statements made by the Current Agency in their October 1, 2024, email to the AIC regarding the transactions the Agent had with both Client 1 and Client 2:

[...]

5.[Client 1] [redacted] & [D.C.] [redacted]:

[...]

- b. It also indicates that they had an existing policy in place, how did they previously pay for their policy? **From what I can see they have paid by cheque to [the Former Agency] [redacted] the first time. I could not locate other times they have paid us. This can happen when the client pays directly to the insurance company or if Ms. Cartwright paid directly to the company on their behalf with credit card information and not provide a receipt. This is not our process. Our process is to note the system when payment is made with the receipt from the insurance company portal as well as a receipt in our BMS.**
- c. Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc. **There are no email attachments in our system for payments with he [sic] exception in 2018/2019/2020 reminder notices emailed to client. Our process is to attach all communication to the client and to avoid communicate by text as it is not easy to attach to our BMS.**
- d. **I have attached the quote that was basis for the \$[policy premium] [redacted] payment and the cancellation notices for the policies. A pink card was printed when the [P.I.C.] [redacted] auto was quoted but no policy was issued, no signed application is attached. This is counter to our process as well. Our expectation is to complete the application process prior to providing a pink card to the clients.**

6. [...]

7. [Client 2] [redacted] & [M.C.] [redacted]: It is mentioned that they had an existing policy in place. How did they pay their premiums in previous years? Please provide policy documents, lapse notices, any email exchanges regarding their premium payments, etc.

- b. **In 2019 and 2021 client paid by Visa to us and we processed with [M.I.] [redacted]. In 2022 [M.I.] [redacted] did not renew the policy. I have attached the quote the client paid cash for. No signed docs were submitted to the company for policy to be issued, no payment was submitted for deposit and sending to company, which is against process. We had set up courier for cash payments to be sent to [the Former Agency's] [redacted] Lethbridge office by request of Ms. Cartwright as her clients often would like to pay by cash. She would set up courier and let us know to expect it, it would be delivered to our Lethbridge office and we would complete the deposit into the trust account and complete the deposit sheet so Head office would know where to send the funds. This was not completed on this file. I have attached a picture of the receipt for reference.**

[...]

[Emphasis added in original document]

The Council also noted the information in the table provided on October 1, 2024, from the Current Agency to the AIC, which provided information on the transactions the Agent had with Client 1 and Client 2:

Confirmation of Ins provided	Money received	[...]	Customer Name	[...]	Amount	Paid
[...]	[...]		[...]		[...]	[...]

yes	yes		[Client 1] [redacted] & [D.C.] [redacted]		[\$redacted]	Y pd [sic] for e transfers sent to Ms. Cartwright, e transfer documentation attached.
[...]	[...]		[...]		[...]	[...]
No	Yes		[Client 2] [redacted] & [M.C.] [redacted]		[\$redacted]	Y cash payment made to Ms. Cartwright, no record of it being forwarded [sic] to company or of a policy being set up.
[...]	[...]		[...]		[...]	[...]

Regarding the transactions with both Client 1 and Client 2, the Council took note of the statements made by the Current Agency in their December 2, 2024, email to the AIC:

4. It is mentioned that the Agency policy was to courier cash to the Lethbridge office and e-transfers were to be sent to the accounting email. How is this communicated to Agents? Do you have any acknowledgment from Megan regarding these procedures?
  - a. **E transfer communication was sent to the team after covid-19 closed offices to assist in clients making payments on policies. This communication came from our payment team to entire team and she had used this process regularly. There was no concern that she didn't understand the process.**
  - b. **Megan set up the courier service for cash to Lethbridge as she wanted to have that option available to her clients so they could pay by cash. There is no access to the trust account bank in her community. She had used this process regularly. There was no concern that she didn't understand the process.**

[...]  
 [Emphasis added in original document]

Regarding the transaction with Client 1, the Council took note of the information contained in the Client 1 Insurance Quote:

Client Name	Insurer	Effective Date	Total Premium
[Client 1] [redacted]	[P.I.C.] [redacted]	10/31/2022	[\$policy premium] [redacted]

Regarding the transaction with Client 1, the Council found the Client 1 Payment Screenshot from the Agent to be of significance:

[...]  
 \$[policy premium] [redacted]

**RECEIVED**

---

From [bank account] [redacted]

---

To megan c  
 megan.c@\*\*\*\*\*.ca [redacted]

---

Date sent October 28, 2022

---

megan c has accepted this transaction.  
 [...]
   
 [Emphasis added in original document]

Regarding the transaction with Client 2, the Council found the Client 2 Receipt from the Agent to be of significance:

[Former Agency] [redacted]  
 [...]
   
 Received From: [Client 2] [redacted]  
 [...]

Receipt For Payment #	
Account Number	Date
G*****01 [redacted]	2/17/2023
Homeowners	
Policy Number	
0011 *****-**59 [redacted]	
Effective	Expiration
12/1/2022	12/1/2023
Company	
[S.M.I.C.] [redacted]	
Amount Received:	[\$[payment amount] [redacted]]
Cash	

This is to certify that we received payment from the above listed insured in the amount of \$[payment amount]  
 [redacted]  
 [...]
   
 [Emphasis added in original document]

Regarding the transaction with Client 2, the Council also took note of the statement made by [S.M.I.C.] [redacted], in their November 4, 2024, email to the AIC:

[...]
   
 The policy number of 11\*\*\*\*\*-\*\*59 is not associated with a client name of [Client 2] [redacted].
   
 [...]

In the Council’s opinion, the findings made by the Current Agency and the Former Agency, as well as the Client 1 Payment Screenshot and the Client 2 Receipt, demonstrate that the Agent intended to misappropriate client funds by receiving the payments directly to herself and then not forwarding the payments to the Current or Former Agency, or the insurer.

Collectively, the Council is comprised of both industry and public members who are well-equipped to assess consumer risk and industry competence. The Council weighed the effects of the alleged actions, the evidence presented, and the accounts of all parties involved when arriving at their conclusion.

Consumers who purchase insurance products expect that insurance agents will act with the utmost good faith while carrying out their work. Honesty and integrity are the hallmarks of a good insurance agent, especially when client funds are involved. It is not unreasonable to expect that a high standard of due diligence be practiced by insurance agents when soliciting insurance products and dealing with payments from a client. Clients can be negatively

affected and exposed to unnecessary risk when insurance agents do not appropriately handle premium payments, as it may lead to insurance policies being cancelled by an insurer.

In light of the evidence that the Agent directly received funds from both Client 1 and Client 2 and then did not forward these funds to either the Current or Former Agency, or to the insurer, the objective and subjective elements of the applicable legal test under s. 480(1)(a) of the Act are met. As such, the Council finds, on two (2) counts, the Agent's conduct was intentional, and it is misrepresentation, fraud, deceit, untrustworthiness, and/or dishonesty as contemplated by s. 480(1)(a) of the Act.

In terms of the available sanction, the Council may impose a civil penalty for a violation of s. 480(1)(a) of the Act not exceeding \$5,000.00 per demonstrated offence, pursuant to s. 36.1(1)(a) of the *Insurance Agents and Adjusters Regulation*, AR 122/2001.

Given the evidence that the Agent misappropriated client funds by requesting that one (1) of the Agent's clients pay their policy premium through an email money transfer directly to the Agent's email address, and by requesting that one (1) of the Agent's clients pay their policy premium with cash directly to the Agent, with neither of these payments being transferred to the Former Agency, the Current Agency, or any insurer, the Council orders that a civil penalty of \$5,000.00, per demonstrated offence, resulting in two (2) offences, equaling a total civil penalty of \$10,000.00 be levied against the Agent.

The civil penalty must be paid within thirty (30) days of receiving this notice. If the penalty is not paid within thirty (30) days, interest will begin to accrue at the rate of 12% per annum as prescribed by s. 36.1(2) of the *Insurance Agents and Adjusters Regulation*, A.R. 122/2001.

Pursuant to s. 482 of the Act (copy 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.

Date: June 19, 2025

[Original signed by]

Amanda Sawatzky, Chairperson  
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.

**Contact Information and Useful Links for Appeal:**

Email: [tbf.insurance@gov.ab.ca](mailto:tbf.insurance@gov.ab.ca)

Phone: 780-643-2237

Fax: 780-420-0752

Toll-free in Alberta: Dial 310-0000, then the number

Mailing Address: 402 Terrace Building, 9515 – 107 Street Edmonton, AB T5K 2C3

Link: [Bulletins, notices, enforcement activities | Alberta.ca](#) – *Interpretation Bulletin 02-2021 – Submitting Notices of Appeal of Insurance Council Decisions*