



Financial Services Regulatory  
Authority of Ontario



Autorité ontarienne de réglementation  
des services financiers

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**IN THE MATTER OF** the *Insurance Act*, R.S.O. 1990, c. I.8, as amended (the “Act”), in particular sections 392.5, 407.1 and 441.3;

**AND IN THE MATTER OF** Oded Oliver Beer.

## **NOTICE OF PROPOSAL TO REVOKE AGENT’S LICENCE**

**AND**

## **NOTICE OF PROPOSAL TO IMPOSE ADMINISTRATIVE PENALTIES**

**TAKE NOTICE THAT** pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), **the Director, Litigation and Enforcement (the “Director”)** proposes to impose 11 administrative penalties of \$1,000 each on Oded Oliver Beer for engaging in unfair or deceptive acts of rebating premiums contrary to section 439 of the Act, for a total penalty of \$11,000.

**TAKE FURTHER NOTICE THAT** pursuant to sections 392.5 and 407.1 of the Act, and by delegated authority from the Chief Executive Officer, **the Director is proposing to revoke the life insurance and accident & sickness insurance agent licence issued to Oded Oliver Beer.**

Details of these alleged contraventions and reasons for this proposal are described below. This Notice of Proposal includes allegations that may be considered at a hearing. The allegations contained in this Notice of Proposal are unproven until the Financial Services Tribunal has determined their validity or, if no hearing is requested, the Chief Executive Officer has issued an order.

**SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS,** veuillez nous envoyer votre demande par courriel immédiatement à: [contactcentre@fsrao.ca](mailto:contactcentre@fsrao.ca).

**YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTIONS 407.1 and 441.3 OF THE ACT.** A hearing before the Tribunal about this Notice of Proposal may be requested by completing the enclosed Request for Hearing (Form 1) and submitting it to the Tribunal within 15 days after the Notice of Proposal is received. A copy of that form is included with this Notice of Proposal. Additional copies can be obtained by visiting the Tribunal’s website at [www.fstontario.ca](http://www.fstontario.ca).

**TAKE NOTICE THAT** if no written request for a hearing is delivered to the Tribunal within fifteen (15) days after this Notice of Proposal is delivered to you, an order will be issued as described in this Notice of Proposal. In order to request a hearing, a completed Request for Hearing Form (Form 1) must be delivered to the Tribunal within fifteen (15) days after this Notice of Proposal is served. The form must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal  
25 Sheppard Avenue West, Suite 100  
7<sup>th</sup> Floor  
Toronto ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: [contact@fstontario.ca](mailto:contact@fstontario.ca)

**TAKE NOTICE THAT** if you do not deliver a written request for a hearing to the Tribunal within fifteen (15) days after this Notice of Proposal is served on you, an order will be issued as described in this Notice of Proposal. **TAKE FURTHER NOTICE of the payment requirements** in section 5 of Ontario Regulation 408/12, which states that the penalized person or entity shall pay the penalty no later than (thirty) 30 days after the person or entity is given notice of the order imposing the penalty, after the matter is finally determined if a hearing is requested or such longer time as may be specified in the order.

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules"), made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S. 22. The Rules are available at the website of the Tribunal: [www.fstontario.ca](http://www.fstontario.ca). Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at 416-590-7294, or toll free at 1-800-668-0128 ext. 7294.

At a hearing, your character, conduct and/or competence may be in issue. You may be furnished with further and or other particulars, including further or other grounds, to support this proposal.

## **REASONS FOR PROPOSAL**

### **I. INTRODUCTION**

1. These are the reasons for the proposal by the Director to revoke the agent's licence and to impose 11 administrative monetary penalties of \$1,000 each, for a total of \$11,000, on Oded Oliver Beer ("Beer").

### **II. BACKGROUND**

2. Beer has been licensed as a life insurance and accident & sickness insurance agent since January 4, 2001, pursuant to the Act. His current licence, #01063700, is set to expire on January 3, 2023.
3. 1867286 Ontario Ltd. ("1867286") is a company incorporated in Ontario. Beer is the administrator and sole director of 1867286.
4. Beer has worked as an agent and in an administrative function with Toronto Mutual Group Incorporated ("Toronto Mutual"), a managing general agency ("MGA").
5. Beer had an agent agreement with Clarica Life Insurance Company ("Clarica"), which amalgamated into Sun Life Insurance (Canada) Limited ("Sun Life"). In October 2004, Beer and eight agents were terminated by Sun Life and their office shut down after an internal investigation by Sun Life into compensation irregularities.
6. Beer had an agent agreement with Industrial Alliance Insurance and Financial Services ("Industrial Alliance"). On May 28, 2019, Industrial Alliance sent a notice to Beer that he was to be terminated for cause and his compensation account was to be reviewed.

### **III. HISTORICAL CONTRAVENTIONS**

7. On October 29, 2004, the Financial Services Commission of Ontario ("FSCO") received a Life Agent Reporting Form ("LARF") from Sun Life. In this LARF, Sun Life alleged it had evidence that Beer had engaged in misrepresentation and rebated his clients' premiums.
8. On or about August 1, 2012, a Notice of Opportunity for Hearing ("NOH") was issued by a delegate of the Superintendent of Financial Services that, amongst other things, alleged that Beer had rebated 59 client premiums, for a total of \$8,393.27.

9. In May 2013, Beer resolved the matters arising out of the NOH by way of Minutes of Settlement (the "Settlement"). Pursuant to the Settlement, Beer admitted to paying the \$8,393.27 as premiums for clients and from Beer's personal bank account. However, Beer gave these premium rebates to administrative staff with the knowledge of office managers.
10. Pursuant to this Settlement, Beer admitted his conduct constituted a contravention of the Act. Beer was required to complete an ethics course relating to the insurance industry.

#### **IV. UNFAIR OR DECEPTIVE ACTS or PRACTICES – PREMIUM REBATING**

11. On May 30, 2019, FSCO received a LARF from Industrial Alliance alleging that Beer had provided premium rebates and engaged in other misconduct related to replacing life insurance contracts.
12. On February 25, 2019, Industrial Alliance staff informed Beer that they had become aware of irregular insurance payments connecting him to payments of his clients' premiums.
13. Beer admitted in emails to Industrial Alliance between March 19, 2019 and April 10, 2019 that he was involved in paying the premiums on the following individuals: ME, BC, CB, MP, MK, TP, RM, RI, GM, FM.
14. In Beer's admissions, he stated that among his reasons for paying these clients' premiums was so that he could subsidize his "mounting debt load" and to avoid "the point of concern" that had become his existing client book with Industrial Alliance.
15. Industrial Alliance would identify further payment irregularities that connected Beer to the policy premiums of MM, bringing the total recipients of Beer's rebates to 11 individuals.
16. Beer paid a total of \$40,455 toward the premiums on Industrial Alliance policies for eight of these individuals through a Bank of Montreal account that belonged to 1867286, a corporation that is owned and controlled by Beer.
17. On December 23, 2020, Beer attended a virtual interview, conducted via Zoom, with two FSRA Investigators (the "Interview"). In the Interview, Beer acknowledged that he had rebated premiums as described in his earlier correspondence with Industrial Alliance.

## **V. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT**

### **A. Unfair or Deceptive Act or Practice – Premium Rebating**

18. Sections 438 and 439 of the Act provide that no person shall engage in any activity or fail to act in a manner that is prescribed as an unfair or deceptive act or practice.
19. Section 2(1) of Ontario Regulation 7/00 prescribes it to be an unfair or deceptive act or practice for an agent of an insurer or a broker to pay, allow, or give, directly or indirectly, any consideration or thing of value intended to be in the nature of a rebate of a premium.
20. Beer has admitted to making intentional payments of client premiums for his own gains and to the manipulation of commissions in the insurance agency business.
21. Beer took steps to mask that he was the payor behind these premiums through a Bank of Montreal account that belong to a numbered corporation. However, 1867286 is a company that is owned and controlled by Beer.

## **VI. GROUNDS FOR REVOCATION OF LICENCE**

22. Section 392.5(1) of the Act states that the Chief Executive Officer may revoke or suspend an agent's licence to act as an insurance agent, if the agent has failed to comply with the Act, the regulations or a condition of the licence.
23. Section 392.5(2) of the Act states that the Chief Executive Officer may revoke or suspend an agent's licence if any prescribed grounds for revoking or suspending a licence, or for refusing to issue a licence, exist.
24. Subsection 8(c) of Ontario Regulation 347/04 states that the Chief Executive Officer may suspend or revoke a licence if, after due investigation and hearing, it appears to the Chief Executive Officer that the licensee has been guilty of a fraudulent act or practice.
25. Subsection 8(d) of Ontario Regulation 347/04 states that the Chief Executive Officer may suspend or revoke a licence if, after due investigation and hearing, it appears to the Chief Executive Officer that the licensee has demonstrated incompetence or untrustworthiness to transact the insurance agency business for which the licence has been granted.
26. Beer rebated the premium payments of his clients. This is prescribed as an unfair and deceptive act or practice under Ontario Regulation 7/00. The Director is satisfied that Beer: (i) has engaged in conduct that is prohibited by sections 438, 439 and section 2(1) of Ontario Regulation 7/00, (ii) is guilty of a fraudulent act or practice, contrary to s. 8(c) of Ontario Regulation 347/04, and (iii) has

demonstrated incompetence or untrustworthiness to transact the insurance agency business, contrary to s. 8(d) of Ontario Regulation 347/04.

27. For these reasons, and subject to such further and other particulars as may come to the attention of the Director, the Director proposes to revoke Beer's licence as a life insurance and accident and sickness insurance agent under the Act.

## **VII. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES**

28. The Director is satisfied that imposing administrative penalties on Beer under section 441.3(1) of the Act will satisfy one or both of the following purposes under section 441.2(1) of the Act:
  1. To promote compliance with the requirements established under the Act.
  2. To prevent a person from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with a requirement established under this Act.
29. The Director is satisfied that 11 administrative penalties of \$1,000, amounting to a total penalty of \$11,000, should be imposed on Beer under s. 441.3 of the Act for contravening or failing to comply with the requirements of the Act or regulations, specifically section 438 of the Act.
30. In determining the amount of the administrative penalty, the Director has considered the following criteria as required by section 4(2) of Ontario Regulation 408/12:
  1. The degree to which the contravention or failure was intentional, reckless or negligent.
  2. The extent of the harm or potential harm to others resulting from the contravention or failure.
  3. The extent to which the person or entity tried to mitigate any loss or take other remedial action.
  4. The extent to which the person or entity derived or reasonably might have expected to derive, directly or indirectly, any economic benefit from the contravention or failure.
  5. Any other contraventions or failures to comply with a requirement established under the Act or with any other financial services legislation of Ontario or of any jurisdiction during the preceding five years by the person or entity.

31. In respect of the **first criterion**, the Director is satisfied that Beer's rebating of client premiums was intentional. Beer has admitted in statements to Industrial Alliance and to FSRA, in the Interview, that he paid the clients' premiums to mask his lagging production with Industrial Alliance and out of a concern to protect his client book. Beer further went to lengths to hide the payor's identity through his numbered corporation, 1867286.
32. In respect of the **second criterion**, the Director is satisfied that Beer's rebating is an actual or potential harm to the industry. Beer's actions actively manipulated commissions to hide his performance shortcomings. His willingness to repeat this commission manipulation, similar to Beer's prior conduct with Clarica (as admitted in the Settlement), is an indication that a stronger deterrence is needed to prevent this act or practice, which has been prescribed as an unfair act or practice in Ontario Regulation 674.
33. In respect of the **third criterion**, the Director acknowledges that Beer admitted to his actions and took steps through his MGA to negotiate with the insurers on his chargebacks. However, this was only after Beer was confronted by Industrial Alliance's demands that he explained the irregular payment activities it had already identified. Furthermore, Industrial Alliance had also already established the link between Beer and 1867286.
34. In respect of the **fourth criterion**, the Director is satisfied that Beer's conduct intended to incur an economic benefit, regardless of whether that actual benefit arose. Beer paid the premiums to mask his underperformance to Industrial Alliance and his client book. In the Interview, Beer describes this client book as part of his retirement and attributed great value to preserving and protecting the book for when Beer could monetize it in the future.
35. In respect of the **fifth criterion**, the Director is satisfied that Beer has shown a disregard for the second opportunity in the industry offered to him by the 2013 Settlement. Beer has reverted to a pattern of wrongful behaviour, providing premium rebates to clients when he is faced with adverse circumstances. The rebate amounts at issue have increased at least five-fold, and – unlike with Clarica – Beer acted in isolation and without the tacit consent of the office. He concealed the practice in an effort to mislead his employer, Industrial Alliance. A strong deterrence is needed for such repeat contraventions and escalations.
36. Such further and other particulars as may come to the Director's attention.

## **PROPOSAL**

37. For all the foregoing reasons, and subject to further or other particulars, including further or other grounds that became available, the Director proposes to impose

11 administrative penalties of \$1,000 each, for a total penalty of \$11,000, and to revoke Beer's life insurance and accident & sickness insurance agent licence under the Act.

**DATED** at Toronto, Ontario, May 21, 2021.

Elissa Sinha  
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Office