

**DECISION**  
**of the**  
**GENERAL INSURANCE COUNCIL OF MANITOBA**  
**(“Council”)**  
**respecting**  
**RONALD C. HALL**  
**(“Licensee”)**

**INTRODUCTION**

The General Insurance Council of Manitoba (the “Council”) derives its authority from *The Insurance Act* C.C.S.M. c. 140 (the “Act”) and the *Insurance Councils Regulation 227/91*.

Following receipt of a written complaint from a member of the public outlining concerns that the Licensee had provided misleading information and ultimatums, and had failed to answer questions posed by the Complainant, an investigation was conducted pursuant to sections 375(1) and 396.1(7) (e) of the *Act* and section 7(2) (e) of *Regulation 227/91*. The purpose of the investigation was to determine whether the Licensee had violated the *Act*, and/or the General Insurance Agent Code of Conduct (“*Code of Conduct*”). During the investigation, the Licensee was provided an opportunity to make submissions.

On March 1, 2017, during a meeting of the Council, the evidence compiled during the investigation and the position of the Licensee were reviewed. Upon assessment of the evidence, Council determined its intended decision. Pursuant to sections 375(1) and 375 (1.1) of the *Act* and *Regulation 227/91*, the Council now confirms its decision and corresponding reasons.

**ISSUES**

1. Did the Licensee provide misleading information, incorrect information, and ultimatums?
2. Did the Licensees fail to answer the Complainant’s questions?

**FACTS AND EVIDENCE**

1. The Complainant was the sole proprietor of a mobile business who met with clients at a location chosen by the client, not at the client’s premises. The business had no

inventory. In addition, the Complainant had a homeowner's policy issued by the Licensee's Agency prior to the initial contact regarding his business needs.

2. Following an enquiry by the Complainant in 2015, and after he completed a homebased business application with the Agency, the Complainant was advised that there was no insurable risk at the moment, and that currently there was no extra insurance that could be provided for his commercial business by the Agency.
3. On August 15, 2016, the Complainant communicated with the Licensee regarding liability insurance and was directed to Agent A. A commercial insurance proposal was provided on August 31, 2016. As the policy premium exceeded his gross earnings from the business, the Complainant advised, on September 12, 2016, that he would not be proceeding with the policy.
4. On September 13, 2016, the Licensee emailed the Complainant. *"I have been instructed to advise that you have until Friday September 16/2016 to let us know if you are going the commercial policy route (either through [ the Agency] or some other broker). Otherwise we will need to be cancelling the house policy due to the aforementioned commercial risk. If the cancellation route is what is chosen, we can do it by signed form which is better for you when getting insurance in future. If a form is not signed by you, we would then cancel by sending a registered letter."*
5. The Complainant noted that he had disclosed the risk to the Agency a year earlier and while it took the Agency nine days to obtain a quote (August 22 – 31, 2016), the Complainant was allowed only three days to provide cover for his commercial risk or expose his home to risk. The Complainant noted that this essentially left him with no reasonable choice other than to pay the Agency or leave his residential property without insurance.
6. On September 13, 2016, the Complainant issued a deadline of September 14, 2016, for the Licensee to provide a detailed, written explanation of the risks. On September 14, 2016, the Licensee provided an email advising that the risks included: purchasing vehicles on behalf of customers, purchasing vehicles sight unseen, and that the Complainant was "never in the cars". The Complainant noted that the risks to which he was exposing the Agency were factually incorrect.
7. The Licensee responded that the Complainant was denying any responsibility to potential risks against the Agency. He took the position that the Complainant would not be complying, and promised that the home insurance policy would be cancelled by September 16, 2016. The Complainant stated that he was bewildered by the Licensee's position.
8. On September 14, 2016, the Complainant asked for a copy of the Agency's policy that he had only three days to comply with obtaining a commercial policy before his

residential insurance was cancelled, and the calculation of charges if the existing policy were to be cancelled. The Complainant stated there was no response to that request.

9. On September 15, 2016, concerned over his home insurance, the Complainant paid for the additional commercial coverage and asked to have his file transferred to another agent. He subsequently received a confirmation that the homeowner's policy remained in force, and his file had been transferred to another agent.

Response on behalf of Licensee – January 27, 2017

10. The Licensee informed the Complainant that a commercial policy was required for his home insurance policy, and if he did not purchase a commercial policy, his home insurance policy could be cancelled. If the risk is not covered under the homeowner's policy for a homebased business, then the client must have other insurance.
11. The Program Provider asked to be "advised by Friday September 16<sup>th</sup> which way the client plans to go". It was clear that the client needed to secure a policy, but there was no requirement that it had to be purchased from the Agency.
12. The Agency had no specific policy on providing time frames for clients to respond, but the personal lines underwriter had full authority to set a time limit. The Program is controlled by the Agency with Insurer A as the carrier. When asked for Insurer A's position based on the risk, the Agency was advised that Insurer A would cancel the homeowner's policy based on the risk.
13. On September 14, 2016, at 8:45 PM, the Complainant emailed the Licensee and Agent A with seven specific questions about his policies. In points 6 and 7, the client requested a calculation of "total costs, if any that [*the Agency*] would charge me" for each of the policies.
14. It appeared that the Licensee did not provide an answer to the Complainant regarding the cancellation charges for the residential policy.

**ANALYSIS**

In 2015, the Complainant had a start-up business and asked the Agency, which was also his homeowner's provider, for a policy to cover his risks. On August 25, 2015, he was told that there was no insurable risk at the moment, and there was no additional coverage that the Agency could provide for his commercial business at that time. The Agency stated that the Complainant had asked about E&O insurance and it was responding to that request. However, the general liability did not appear to have been addressed.

In 2016, the Complainant enquired again and was provided with a quote after nine days. After advising that he did not want to purchase this policy on September 12, 2016, because the cost exceeded his revenue from this mobile business, the Complainant received notice on the

following day that a commercial liability policy must be purchased within three days to avoid cancellation of his homeowner's policy. Considering that the Agency had advised him the previous year that no coverage was required/available, the Complainant found this to be a short time period based on his enquiries and the amount of time that the Agency had taken to respond to him. In order to make a reasonable, informed decision, the Complainant enquired about information he had received from the Licensee which he believed to be incorrect, asked for a copy of the Agency's policy on the three day cancellation ultimatum, and enquired about any cancellation fee if he cancelled his homeowner's policy with the Agency. The Complainant received no response and felt forced to accept the Agency's policy out of concern for protection offered by his homeowner's policy. The Agency had the authority to control the homeowner's program. Although no written policy was in place, the insurer supported the Agency's position when asked.

Clients place a reliance on their agents to ensure that the information regarding the risk is correct and complete, or corrected if brought to their attention. Further that the agents answer the questions with respect to proposed coverage and costs. Failure for the Licensee to answer questions and to place a client in a position where he must accept the policy quoted through the Licensee's Agency, or risk protection of his personal property, is contrary to the *Code of Conduct*.

This was especially concerning as the Complainant had been a homeowner client of the Agency; he had enquired about his risk the previous year and the Agency had failed to provide a quote for coverage for his commercial risk; the time required to provide a quote was about nine days and he was provided with a maximum of three days to provide a commercial policy to the Agency; the fact that when he asked questions about the cancellation costs if he cancelled his homeowner policy with the Agency, he received no response; the fact that the Licensee did not respond to an enquiry from the Complainant regarding incorrect facts about the risk; and the Licensee did not respond to a request regarding the Agency's three day cancellation policy for this type of situation, as there was no policy. As such the Licensee violated sections s. 1, 2, 3, 4, and 7 of the *Code of Conduct*

### **PENALTY AND FINAL DECISION**

Council's Decision dated August 29, 2017, was delivered by registered mail to the Licensee on August 29, 2017. The Decision outlined the foregoing background, analysis, and conclusions. Having regard to the determination of the violations aforesaid, and pursuant to sections 375(1.1) (c) and (d) of *the Act* and section 7(1) of *Regulation 227/91*, the following penalties are imposed on the Licensee, namely:

1. The Licensee is fined \$750.00, and assessed partial investigation costs of \$450.00.

As part of its Decision, Council further informed the Licensee of his right to request an Appeal to dispute Council's determinations and its penalty/sanction. The Licensee expressly declined his right, chose not to pursue a statutory Appeal, and accepted this Decision.

This Decision is therefore final. In accordance with Council's determination that publication of its decisions are in the public interest, this will occur, in accordance with sections 7.1(1) and (2) of *Regulation 227/91*.

Dated in Winnipeg, Manitoba on the 29th day of September, 2017.