

**DECISION**  
**of the**  
**GENERAL INSURANCE COUNCIL OF MANITOBA**  
**(“Council”)**  
**respecting**  
**RBC INSURANCE AGENCY LTD. (“Agency”)**  
**RANDY JAGMOHAN-SINGH (“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 an enquiry from a Level 1 license holder requesting an amendment to his mailing address, and subsequently advising that he had been operating as an agent outside the Agency’s general insurance office, and therefore, without the direct on-site supervision of a Level 2 or Level 3 licensee, 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 its Regulations and/ or its *Licensing Rules*, 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 September 7, 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 section 375(1) and 375 (1.1) of the Act and *Regulation 227/91*, the Council now confirms its intended decision and corresponding reasons.

**ISSUES**

1. Did the Licensee in his capacity as Operating Agent violate the *Code of Conduct* by failing to ensure that Level 1 agents were compliant with the *Licensing Rules*, specifically that they were on-site at the general insurance agency and they were supervised on that site at all times by a Level 2 or Level 3 licensee?
  
2. Did the Licensee misrepresent the agency supervision of Level 1 agents in his attestations to Council in the annual Agency Attestation, as well as, in his licence renewal applications, and fail to advise the Council of material changes within his Agency as was his undertaking?

## **FACTS AND EVIDENCE**

1. Effective June 1, 2016, and at all material times, the Licensee was the Operating Agent of the Agency.
2. On June 23, 2016, the Licensee affixed his signature to the Transfer of Agents/Brokers – Recommendation from the Operating Agent/Broker Level 3 (Designated Representative) with a July 1, 2016 effective date. This form included the following:

I understand that I am required:

- to ensure that licensing rules with respect to agency licensing and activities are enforced; and
- to ensure that proper and adequate supervision of employees is provided at all times.

3. On March 21, 2017, the Licensee signed and submitted the Agency Attestation Form for the 2017 licence renewal. This form included the following Attestation:

I understand that I am required:

- to ensure that proper and adequate supervision of employees, as detailed within the Rules and in the Code of Conduct, is provided at all times;
- to ensure compliance of *The Insurance Act of Manitoba*, its Regulations, its Rules and the Code of Conduct.

4. On May 10, 2017, the Licensee signed and submitted his agent licence renewal application. The Additional Screening Questions to which he answered “no” were as follow:

3. Had knowledge of any employees of the agency transacting insurance business without being duly licensed?
4. Had knowledge of any conduct and/or regulatory violation by any licensed employee of the agency not previously reported to ICM?

5. As part of this May 10, 2017, licence renewal submission, the Licensee attested to this Declaration:

“I declare the foregoing information is true and I accept the responsibility for these answers and undertakings. I further understand that a false declaration on this application could lead to disciplinary action. I agree to notify Council of any material changes contained in this application within 15 days and advise immediately of termination of employment of licensed employees with full particulars.”

6. On May 31, 2017, Agent A contacted the Insurance Council of Manitoba (“ICM”) as he was having difficulty renewing his licence. Agent A advised the ICM that he had moved from Ontario to Quebec in September of 2016 and was acting as a home-based advisor. He confirmed that he took calls from clients in Manitoba.
7. The ICM’s Senior Licensing Officer confirmed that Agent A was not working from a RBC Advice Centre in Quebec but rather from his home office. The RBC Advice Centre was located in Ontario.

8. On May 31, 2017, the Director, Licensing, Policy & Regulatory Management Services – RBC Insurance (“RBC Director”) provided information with respect to Agent A and his supervision. Agent A was under the supervision of his team lead and other Level 2/3 management in Meadowvale. Agent A had direct contact with these Level 2/3 licensees and participated in all meetings. RBC equipment/phone lines were installed, and all calls were recorded and subject to Quality Controls. It was suggested that Agent A was under similar, if not more, supervision than he would be in the Agency’s office. Agent A was also subject to the Agency’s privacy and code of conduct, as well as, his licensing requirements.
9. On July 4, 2017, the RBC Director advised the ICM’s Senior Licensing Officer that the RBC Insurance Compliance Department would be reporting other home-based advisors in Manitoba with a Level 1 licence. The RBC Director noted that these Level 1 advisors had been removed immediately from the Manitoba queue to prevent further sales.
10. On July 7, 2017, Council received a letter from the Chief Compliance Officer - RBC Insurance (“CCO – RBC Insurance”), self-reporting eighteen sales of insurance to Manitoba residents by twelve Level 1 home-based licensed general insurance agents between the periods of July 1, 2016, through June 8, 2017.
11. These agents were identified as Agent A, Agent B, Agent C, Agent D, Agent E, Agent F, Agent G, Agent H, Agent I, Agent J, Agent K, and Agent L.
12. Council was advised that appropriately licensed agents were in the process of contacting the Manitoba policy holders before close of business on July 14, 2017. The CCO - RBC Insurance advised that ICM would be provided with information regarding these calls on July 18, 2017.
13. In addition, a review had been completed of all Manitoba licensed agent employees and all Level 1 home-based agents were no longer able to take calls from Manitoba residents. A procedure had been developed and implemented where an agent will be home-based, and an ongoing review of appropriate licence level will be made where agents are home-based.
14. The CCO – RBC Insurance noted this Level 1 activity was due to a temporary deficiency in administrative controls and in no way a result of improper conduct or action of the individual advisors.
15. On July 18, 2017, the Director, Insurance Compliance & Market Conduct provided an update on the status of the calls made to the eighteen Manitoba resident between July 7, 2017, and July 14, 2017. Twelve policy owners were contacted with a review of the coverage, policy details, and an assurance that policy owner questions were answered.

## **ANALYSIS**

The *Licensing Rules* require a Level 1 agent to work inside the general insurance agency with supervision by a Level 2 or Level 3 licensee. Level 1 agents are not permitted to act as an agent outside of the office.

While it is the responsibility of each Level 1 licensee to comply with the *Licensing Rules*, the Operating Agent for the Agency has the overall responsibility to ensure that all Level 1 agents in the Agency comply with the *Licensing Rules*. In 2016 and in 2017, the Licensee in his capacity as the Operating Agent, confirmed by signing the Agency Attestation Form that he would ensure the *Licensing Rules* would be enforced and supervision provided at all times.

Between July 1, 2016 and June 8, 2017, twelve Level 1 agents employed by the Agency sold eighteen policies to Manitoba residents. They acted as Manitoba agents, outside the general insurance agency, not inside the Agency with the direct supervision of a holder of a licence authorized to provide that supervision: Level 2 or Level 3 Agent. Each agent was in violation of s. 3 (2) of the *Licensing Rules*.

The Licensee, in his capacity as Operating General Insurance Agent, through misrepresentation on his licence renewal applications and on the annual Agency Attestation Forms, violated s. 375 (1) (a) and (b) of *the Act*. He also violated s. 8(2) of the *Licensing Rules* and s. 9 of the *Code of Conduct* by allowing the twelve noted Level 1 agents to violate s. 3 (2) of the *Licensing Rules*.

In its deliberations, the Council considered that the Agency self-reported the agents who had been in violation, and that the Agency provided the Council with its executed plan to avoid this Level 1 activity by home-based agents in the future. Council also took note that the Agency attempted to contact, or did contact, Manitoba residents to review their policies.

## **PENALTY AND FINAL DECISION**

Council's Decision dated February 8, 2018, was delivered by registered mail to the Licensee on February 13, 2018. 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 be fined \$3,000.00 and assessed partial investigation costs of \$3,400.00.

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 the Decision.

The Decision is therefore final. In accordance with Council's determination that publication of its Decisions is 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 8th day of March, 2018.