

**DECISION**  
**of the**  
**LIFE INSURANCE COUNCIL OF MANITOBA**  
**("Council")**  
**Respecting**  
**RONNAELLEE L. VESTBY**  
**("Former Licensee")**

**INTRODUCTION**

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

In response to information received by Council, 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 Former Licensee violated the *Act* and/or its *Regulations*, and/or the Life Insurance and Accident and Sickness Agent's Code of Conduct (the "*Code of Conduct*").

During the investigation, the Former Licensee was notified of Council's concerns and was given an opportunity to make submissions.

On February 7, 2024, during a meeting of Council, the information and evidence compiled during the investigation was presented and reviewed. Pursuant to section 375(1) of the *Act* and *Regulation 227/91*, Council hereby renders its Decision and corresponding reasons as set out below.

**ISSUES**

1. When the Former Licensee submitted Transfer of Ownership forms, Applications for Change forms, applications for life insurance, and critical illness insurance on behalf of the Consumer without the proper signatures, did the Former Licensee violate ss. 375(1)(a) Misrepresentation, fraud, deceit or dishonesty, 375(1)(b) Has violated any provision of this *Act* or any rule or regulation under this *Act*, 375(1)(e) Has demonstrated his or her incompetency or untrustworthiness to transact the business of insurance agency for which the licence was granted, of the *Act* and ss. 1 (Interests of the Client), 2 (Needs of the Client), 4 (Professionalism) and 7 (General Information Disclosure and Documentation), of the *Code of Conduct*?

2. Did the Former Licensee make a misrepresentation to Council's Investigator by stating that coverage was reduced because the policies were in jeopardy of lapsing; whereas the Insurer indicated that only one (1) policy was at risk of lapsing? If so, was this a violation of ss. 375(1)(a) Misrepresentation, fraud, deceit, or dishonesty and/or 375(1)(b) Has violated any provision of this *Act* or any rule or regulation under this *Act*, of the *Act*, and section 9 (Dealing with the Insurance Council of Manitoba), of the *Code of Conduct*?

## **FACTS AND EVIDENCE**

1. The Former Licensee held Life and Accident & Sickness licences in Manitoba from March 18, 2009, to May 4, 2023, with [the Insurer].
2. In completing her May 1, 2023, licensing renewal application, the Former Licensee answered "Y" [yes] to question #3 (Questions for Agent), in the context of having been under investigation since she last applied for a licence or renewal to the Insurance Council of Manitoba (ICM); that question read:

*"Since you last applied for a Licence or Renewal to ICM have you, had any open investigations against you regarding your conduct that have not been previously reported to the ICM?"*

In the details section of the application, the Former Licensee falsely indicated that:

*A consumer "stated that I had transferred policy unwillingly to her which is false. She paid for the policy for 2 years..."*

3. By email dated May 2, 2023, ICM's Licensing Officer indicated to the Former Licensee that her licence renewal could not continue until she provided further details regarding the circumstances, all written communication regarding the investigation and confirmed that her licence remained active without any conditions, in any other province.
4. By email dated May 2, 2023, the Former Licensee responded to ICM's Licensing Officer and indicated that:
  - a. The Insurer had audited 4 or 5 files, and due to the added stress on her family, she had decided to resign. She wanted to pursue a new career with a different company.
5. On May 5, 2023, ICM's Licensing Department received a Termination Notice from the Insurer which indicated that the Former Licensee had resigned on May 4, 2023.

6. The Insurer's letter dated July 27, 2023, and a Life Agent Reporting Form dated July 28, 2023, provided Council's Investigator with documentation, including an Investigation Summary, which indicated that:
  - a. The Insurer conducted a review of the Former Licensee's business practice, following a complaint received from the Consumer on January 17, 2023.
  - b. The Consumer alleged to the Insurer that she had not signed:
    - i. Transfer of Ownership forms, changing the ownership to the Former Licensee;
    - ii. Change forms reducing coverage for her life insurance and critical illness policies; and
    - iii. New applications for life insurance and critical illness insurance.
  - c. The review of the Former Licensee's insurance business and client files for recent sales did not reveal any additional concerns with forged signatures or out of province sales and concluded that this was an isolated case relating to the Consumer's policies.
  - d. The Former Licensee terminated her contract the day before her interview with the Insurer's Compliance Department.
  - e. The Insurer's Client Relations Department completed a review of the Consumer's complaint, and a settlement was offered to them.
7. By letter dated November 7, 2023, Council's Investigator provided the Former Licensee with samples of the Consumer's signature and asked the Former Licensee to explain why they did not match the signature contained on the applications submitted by the Former Licensee to the Insurer. The Former Licensee failed to respond to Council's Investigator.
8. In undated letters received by the ICM on November 28, 2023 and December 8, 2023, and confirmed by the Former Licensee in an email dated January 19, 2024, the Former Licensee indicated to Council's Investigator that:
  - a. She had received an email from the Insurer indicating that the Consumer's policies were going to lapse as the payments were returned due to non-sufficient funds ("NSF"). The Former Licensee attempted to put through the payment a second time; however, that premium was also returned due to NSF.
  - b. Concerned that the policies would lapse, she transferred the ownership of the Consumer's policies into her name, then reduced the face value of the

critical illness policy from \$50,000.00 to \$25,000.00 and the life insurance from \$500,000.00 to \$25,000.00 so that the Consumer would “*not lose everything*”.

- c. She submitted new applications for life and critical illness insurance to ensure there were funds to pay off debt.
  - d. She changed the Consumer’s four (4) policies to ensure the premiums would be affordable, as it was her intention to pay all the premiums on behalf of the Consumer.
  - e. Upon learning that the Consumer wanted her policies returned, the Former Licensee immediately contacted the Insurer who reinstated the coverage and transferred the policies back to the Consumer.
  - f. On October 13, 2022, the Former Licensee signed Transfer of Ownership forms to transfer the critical illness and life insurance policies back to the Consumer.
9. By letter dated December 21, 2023, the Insurer indicated to Council’s Investigator that:
- a. The Consumer’s critical illness policy would have lapsed on September 29, 2022, due to non-payment of premium; however, the life insurance policy was not in danger of lapsing, as there was cash value in the policy.
10. By email dated January 8, 2024, Council’s Investigator asked the Former Licensee to confirm that:

The Consumer “*did not sign the Transfer of Ownership forms (September 13, 2022, and October 13, 2022), the Applications for Change (September 13, 2022) and the Application for life and critical illness insurance (September 25, 2022).*”

The Former Licensee responded via email that same day and indicated:

“*Correct [the Consumer] did not sign.*”

## **ANALYSIS AND DETERMINATIONS**

Section 375(1) of the *Act* states that:

*If, after due investigation by the superintendent and after a discipline hearing, if a hearing is required under the regulations, the superintendent determines that the holder or former holder of an insurance agent licence*

*(a) has been guilty of misrepresentation, fraud, deceit or dishonesty;*

*(b) has violated any provision of this Act or any rule or regulation under this Act;*

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*(e) has demonstrated his or her incompetency or untrustworthiness to transact the business of insurance agency for which the licence was granted;*

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*the superintendent may take one or more of the actions set out in subsection (1.1).*

Section 375(1.1) Disciplinary actions by the superintendent, of the *Act* states that:

*For the purposes of subsection (1), the superintendent may do one or more of the following after giving a notice of decision in writing to the licence holder or former licence holder:*

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*(c) subject to the regulations, impose a fine on the licence holder or former licence holder and fix a date for the payment of the fine;*

*(d) subject to the regulations, require that the licence holder or former licence holder pay some or all of the costs of the investigation and, where applicable, of the hearing and fix a date for the payment of the costs assessed.*

In accordance with ss. 1 (Interests of the Client), 2 (Needs of the Client), 4 (Professionalism), 7 (General Information Disclosure and Documentation) and 9 (Dealing with the Insurance Council of Manitoba), of the *Code of Conduct*, an agent must carry on the business of insurance with honesty, integrity, and utmost good faith, putting the client's needs ahead of the agents. An agent must ensure that the client is fully informed of all relevant information before the client makes a decision and is entitled to disclosure of the risks and benefits of the financial products being considered. This disclosure must be appropriately documented. In addition, an agent must respond fully and honestly to inquiries from the ICM.

The Consumer filed a complaint with the Insurer in January 2023 which indicated that she did not sign ownership changes for her life insurance policies, or recent applications that were submitted in September 2022 by the Former Licensee.

The Former Licensee indicated to Council's Investigator that she had been informed by the Insurer that the life insurance and critical illness policies were in danger of lapsing because of non-payment of premiums. The Former Licensee attempted to put through the payment a second time; however, that premium was also returned due to NSF.

The Insurer indicated to Council's Investigator that only the critical illness policy was in jeopardy of lapsing as the life insurance policy had cash value, which could be used to pay the premium.

By way of her own evidence, the Former Licensee admitted to Council's Investigator that the Consumer had not signed the Transfer the Ownership forms, or the Applications for Change to decrease the face amount of the life insurance and the critical illness insurance.

Further, the Former Licensee admitted that on September 25, 2022, she submitted to the Insurer, new applications for life and critical illness insurance on the life of the Consumer. The Consumer had also not signed these forms.

It was the responsibility of the Former Licensee to ensure that the person signing the applications for life insurance and critical illness insurance was, in fact, the life insured.

The Former Licensee indicated to Council's Investigator that when she learned that the Consumer wanted her policies returned, she immediately communicated with the Insurer who reinstated the original coverage. The Former Licensee signed the Transfer of Ownership forms to return the ownership to the Consumer.

Based on the information and evidence reviewed by Council, Council concluded that the Former Licensee violated ss. 375(1)(a), 375(1)(b), 375(1)(e), of the *Act* and ss. 1, 2, 4, 7 and 9, of the *Code of Conduct* and that disciplinary action is warranted.

## **PENALTY AND FINAL DECISION**

Council's Intended Decision dated April 24, 2024 was delivered to the Former Licensee by registered mail on May 1, 2024. The Intended Decision outlined the foregoing background, analysis, and conclusion on a preliminary basis.

Having regards to its initial determination that the foregoing violations had occurred, Council imposed the following penalty and sanction pursuant to sections 375(1.1)(c) and (d) of the *Act* and sections 7(1), 7(2) and 7(4)(b) of *Regulation 227/91*:

1. The Former Licensee be fined \$500.00 and assessed investigation costs of \$3,600.00.
2. The Former Licensee is required to successfully complete an Ethics course which has been approved by the Insurance Council of Manitoba.

Pursuant to section 389.0.1(1) of the *Act*, the Former Licensee had the right to appeal this Decision within twenty-one (21) days of receipt. The Former Licensee was advised of this right in the Decision and was provided with the Notice of Appeal form, in accordance with section 389.0.1(2) of the *Act*. As an appeal was not requested in this matter, this Decision of Council is 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 7.1(2) of Regulation 227/91.

Dated in Winnipeg, Manitoba on the 8<sup>th</sup> day of July, 2024.