

DECISION
of the
LIFE INSURANCE COUNCIL OF MANITOBA
("Council")
Respecting
Hetal Prajay Bhatt
("Licensee")

INTRODUCTION

The Life Insurance Council of Manitoba (Council) derives its authority from *The Insurance Act C.C.S.M. c. I40* (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 Licensee violated the *Act*, its Regulations and/or the Life Insurance and Accident and Sickness Agent's Code of Conduct (the "*Code*").

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

On September 11, 2024, during a meeting of Council, the information and evidence compiled during the investigation was presented and reviewed. Upon assessment of the evidence, Council determined its Intended Decision.

As part of its Intended Decision, Council informed the Licensee that she may request a Hearing to dispute Council's determinations and penalty/sanction. The Licensee expressly declined her right and chose not to pursue a Hearing; she instead expressly accepted the terms of the Intended Decision.

ISSUES

1. While the Licensee was an applicant, she had two (2) additional occupations which she failed to disclose on her initial licensing application form.
2. Did the Licensee make a material misrepresentation on her May 23, 2023, Licensing Renewal application, when she indicated "No" to having an additional occupation?

3. Did the Licensee fail to report a material change, within 15 days, when she failed to disclose that she no longer worked for [Company A] as a [Additional Occupation 1] as of September 18, 2023?
4. Did the Licensee fail to notify the Insurance Council of Manitoba (ICM) of a material change, within 15 days, that she had an additional occupation after receiving direct email communication from the ICM on April 21, 2023, and an article regarding material changes was published in the Spring 2024 Council Report, which she had received a copy?

FACTS AND EVIDENCE

1. The Licensee held Life and Accident & Sickness (“A&S”) licences in Manitoba from December 20, 2022 to May 31, 2024.
2. Prior to applying for a licence with the ICM, the Licensee was employed as an [Additional Occupation 1] with [Company A] and began a position with [Company B] as a [Additional Occupation 2] on November 7, 2022.
3. On December 16, 2022, the Licensee completed ICM’s initial application to obtain Life and Accident and Sickness (“A&S”) licences. When completing this application, the Licensee made a false declaration when she indicated “No” to the Additional Occupation question which read:

“Do you have another occupation or employment other than as an insurance agent?”

This initial application contained a declaration section which indicated that:

“I declare that 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.” and

“I agree to notify Council within 15 days of any material changes (<https://icm.mb.ca/files/Compliance and Enforcement/Material Changes.pdf>) to the information contained in this application.”

4. On December 20, 2022, ICM’s Licensing department informed the Licensee, via email, that her Life and A&S licences had been issued, and reminded the Licensee of her responsibility to ensure she was compliant with the *Act*, its Regulations, its Licensing Rules and the *Code*. In addition, the email outlined that:
 - *“You are required to report in writing to the Council the undertaking of any other employment, and receive approval from Council prior to engaging in this employment.”*

- *“Material changes to information contained in your application must be reported to the Insurance Council of Manitoba within 15 days. Council considers a material change to include **any** material fact which may influence Council to amend, or review a licence holders licence. Refer to the information specific to Material Changes on the ICM website at Material Changes – When to Disclose them to the ICM.”*

5. On April 21, 2023, the ICM issued an email to all licence holders regarding the 2023-2024 licence renewal. Within that email, the ICM relayed *“Important Information”* which included that material changes must be reported, in writing, to the ICM within 15 days.

6. On May 23, 2023 the Licensee completed her Life and A&S Licensing Renewal application and falsely indicated “N” [no] to the Additional Occupation question #1 which read:

*“Since you last applied for a Licence or Renewal to ICM have you engaged in any business or occupation that **has not been previously disclosed to and approved by the ICM**, other than the insurance or mutual fund business?”*

The renewal application also contained a declaration which indicated:

“I declare that 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 within 15 days of any material changes to the information contained in this application.”

7. On September 18, 2023, the Licensee ceased working her casual job as an [Additional Occupation 1] at [Company A], which she had begun on April 29, 2021. This material change was not reported, in writing, to the ICM until July 18, 2024, during the investigative process.

8. On May 26, 2024 the Licensee completed her Life and A&S Licensing Renewal application and indicated “Y” [yes] to the Additional Occupation question. Under the details section of the application, the Licensee disclosed that she was:

“Working in contact center for inbound calls for providing information related to Group dental/medical benefits and claims.”

9. On May 28, 2024 the Licensee indicated to ICM’s Licensing department that when she initially applied for her licence, she had been working with [Company A], as a [Additional Occupation 1] for the [redacted] program. Further, the Licensee indicated that she began her additional occupation with [Company B] as an [Additional Occupation 2] on November 7, 2022.

10. On July 1, 2024 the Licensee indicated to Council’s Investigator that she should have notified the ICM of her additional occupations, that she *“should have updated the ICM*

within 15 days of any material changes and have violated the code of conduct that I agreed to.”, and that her error may have been “due to a lack of understanding”.

11. On July 4, 2024 and July 5, 2024, Council’s Investigator informed the Licensee that information pertaining to Material Changes had been posted to the ICM website since 2019 and provided copies of the April 21, 2023 communication and 2024 Spring Council Report for her review.

ANALYSIS AND DETERMINATIONS

Section 375(1) Investigation by superintendent, etc., of the *Act* states as follows:

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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. .*

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

Section 9 (Dealing with the Insurance Council of Manitoba) of the *Code* indicates that *an agent must respond promptly and honestly, with full disclosure, to inquiries from the Insurance Council of Manitoba.*

As part of its mandate to protect the public, the ICM requires applicants to answer certain questions for licensing applications. Among them is whether the individual had another occupation or employment, other than as an insurance agent. ICM’s licensing application(s) contained the following declaration:

“I declare that 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 within 15 days of any material changes to the information contained in this application.”

This is an important disclosure obligation. Disclosure of additional occupations on licensing applications permits Council to assess whether the individual’s additional employment poses a potential risk to the public, and conduct further inquiries, if necessary, to aid in that assessment.

When considering additional occupations, Council may assess whether the additional employment places the individual in a position of trust and integrity where significant deference may be afforded; is in a position of authority; has an ability to assert power or authority, or to award or curry favour; and has independent access to information and data which would not otherwise be readily available. In some cases, Council may add a licensing condition to a licence, or refuse a licence.

Both the initial application and the renewal application requested disclosure regarding an additional occupation(s). On both of these applications, the Licensee falsely declared that she did not have additional employment. Therefore, Council was denied the opportunity to uphold its mandate.

In addition, the Licensee was made aware, on multiple occasions, that she was required to report Material Changes, in writing, within 15 days to the ICM, and declared that she would do so. The Licensee failed to report that she ceased working for [Company A] in September 2023, and only reported this information while under investigation.

Council dismissed the Licensee statement that the misrepresentation on her licensing application(s) occurred due to a lack of understanding, as the application was straightforward, and if there had been any doubt or confusion, the Licensee’s undertaking should have been to contact the ICM for assistance. Furthermore, Council specified that the Licensee received multiple communications from the ICM regarding a licence holders’ responsibility and the requirements to report Material Changes.

Based on the information and evidence reviewed by Council, Council concluded that the Licensee violated ss. 375(1)(a) has been guilty of misrepresentation, fraud, deceit or dishonesty, 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, and that disciplinary action is warranted.

PENALTY AND FINAL DECISION

Council’s Decision, dated December 13, 2024, was delivered to the Licensee by registered mail on December 17, 2024. The Decision outlined the foregoing background, analysis, and conclusion on a preliminary basis.

Having regard to its initial determination that the foregoing violations had occurred, Council imposed the following penalty and sanction pursuant to section 375(1.1)(c) and (d) of the *Act* and section 7(1) and 7(2) of *Regulation 227/91*. Council hereby orders the following reprimand:

1. The Licensee is fined \$250.00 and assessed partial investigation costs of \$250.00.

Pursuant to section 389.0.1(1) of the *Act*, the Licensee had the right to appeal this Decision **within twenty-one (21) days of receipt**. The 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 27th day of January, 2025.