

REVISED DECISION

of the

GENERAL INSURANCE COUNCIL OF MANITOBA
("Council")

Respecting

RICHARD WALTER PATER
("Licensee")

INTRODUCTION

The General 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* ("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's activity violated the *Act*, its *Regulations*, the General Insurance Agents Licensing Rules, and/or the General Insurance Agent Code of Conduct (the "*Code of Conduct*").

During the investigation, the Licensee was notified of relevant information and was provided an opportunity to make submissions.

On January 24, 2024, during a meeting of Council, the 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 he may request a Hearing to dispute Council's determinations and penalty/sanction. The Licensee expressly declined his right and chose not to pursue a Hearing; he instead expressly accepted the terms of the Intended Decision.

Pursuant to section 375(1) of the *Act* and section 7(2)(e) of *Regulation 227/91*, the Council hereby renders its Revised Decision and corresponding reasons.

ISSUES

Consumer #1

1. Did the Licensee fail to renew Consumer #1's policy and fail to respond to Consumer #1's email communication, which resulted in Consumer #1 being uninsured from August 1, 2022 until March 10, 2023, in violation of sections 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, and 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/or sections 2 (Competence), 3 (Quality of Service), and 10 (Conduct Towards Others), of the *Code of Conduct*?
2. Did the Licensee make a misrepresentation to the Insurance Council of Manitoba (ICM) when he stated that he was the agent who placed coverage for Consumer #1, when it was confirmed by the Agency and the insurer that it was another agent at the Agency who placed Consumer #1's coverage? If so, was this a violation of sections 375(1)(a) has been guilty of misrepresentation, fraud, deceit, or dishonesty and 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, of the *Act*, and/or sections 1 (Integrity) and 10 (Conduct Towards Others), of the *Code of Conduct*?
3. Did the Licensee mislead Consumer #1, in a September 8, 2022 email, to believe that their insurance policy was in-force, when he advised Consumer #1 that the policy covering their rented dwellings was effective August 1, 2022 to August 1, 2023 and gave them a premium quote of \$6,604.00 including PST, after the Licensee was advised by the insurer on August 15, 2022 that the policy had lapsed?

Consumer #2

1. By failing to renew Consumer #2's policy, resulting in the consumer going uninsured for more than 365 days, is the Licensee in violation of sections 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, and 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/or sections 2 (Competence), and 3 (Quality of Service), of the *Code of Conduct*?
2. By failing to inform Consumer #2 and the Agency that the policy was not in-effect, did the Licensee violate sections 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, and 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/or sections 2 (Competence), 3 (Quality of Service), and 10 (Conduct Towards Others), of the *Code of Conduct*?

3. By providing Consumer #2 with a Certificate of Insurance that incorrectly outlined active coverage on a policy that was lapsed for more than 365 days, did the Licensee intentionally misrepresent the status of the policy to Consumer #2, in violation of sections 375(1)(a) has been guilty of misrepresentation, fraud, deceit, or dishonesty, and 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, of the *Act*, and/or sections 1 (Integrity), and 4 (Advising Clients), of the *Code of Conduct*?

Consumer #3

1. By failing to renew Consumer #3's policy on June 25, 2022, and failing to follow up on the reinstatement with the insurer, is the Licensee in violation of sections 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, and 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/or sections 2 (Competence), and 3 (Quality of Service), of the *Code of Conduct*?

Consumer #4

1. By delaying the submission of Consumer #4's application for quote requests, did the Licensee violate section 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, of the *Act*, and/or sections 3 (Quality of Service), and 10 (Conduct Towards Others), of the *Code of Conduct*?

Consumer #5

1. After receiving the details of Consumer #5's loss, did the Licensee fail to report Consumer #5's claim to the insurer, in violation of sections 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, and 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/or sections 2 (Competence), 3 (Quality of Service), and 10 (Conduct Towards Others), of the *Code of Conduct*?
2. By failing to follow up with the insurer to ensure that they had received the Notice of Loss, was the Licensee in violation of section 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, of the *Act* and/or sections 3 (Quality of Service), and 10 (Conduct Towards Others), of the *Code of Conduct*?
3. When the Licensee failed to respond to Consumer #5's January 31, 2023, February 14, 2023, February 15, 2023, and March 15, 2023 emails and voice messages regarding the status of his claim, was the Licensee in violation of sections 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, and 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/or sections 2 (Competence), 3 (Quality of Service), and 10 (Conduct Towards Others), of the *Code of Conduct*?

4. By indicating to Consumer #5 that “*everything was fine*” with regard to the claim submission to the insurer, did the Licensee make a misrepresentation to Consumer #5, as the Notice of Loss was not submitted? If so, was the Licensee in violation of sections 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*, and 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/or sections 1 (Integrity), 3 (Quality of Service), 4 (Advising Clients), and 10 (Conduct Towards Others), of the *Code of Conduct*?

Consumer #6

1. By failing to renew Consumer #6’s policy, resulting in the consumer going uninsured for two (2) years, is the Licensee in violation of sections 375(1)(b) has violated any provision of this *Act* or any rule or regulation under this *Act*, and 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/or sections 2 (Competence), 3 (Quality of Service), and 10 (Conduct Towards Others), of the *Code of Conduct*?
2. By failing to inform the Agency, or Consumer #6, of the lapsed policy, is the Licensee in violation of sections 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*, and 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/or sections 1 (Integrity), 2 (Competence), 3 (Quality of Service), 4 (Advising Clients), and 10 (Conduct Towards Others), of the *Code of Conduct*?
3. The Licensee was the assigned agent to handle Consumer #6’s file in 2021, which had lapsed. By falsely indicating to the insurer that another agent was responsible for handling the file, when it had been his responsibility, was the Licensee in violation of sections 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*, and 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/or sections 1 (Integrity), and 10 (Conduct Towards Others), of the *Code of Conduct*?

FACTS AND EVIDENCE

1. The Licensee had held a Manitoba Life licence from 1989 to 2019 and has held a Manitoba General Insurance Agent licence since November 21, 1995. The Licensee currently holds a Level 3 General Agent licence.
2. On March 15, 2023, the Agency submitted a Termination Notice to the ICM and indicated that the Licensee's employment had been terminated for just cause, and his last day of employment was March 14, 2023. The Agency's Operating Agent ("O/A") indicated that his termination was due to his failure to respond to clients in a timely fashion, which resulted in a client being without coverage for months.
3. After the Licensee's departure from the Agency, the Agency conducted a review of the Licensee's company cell phone, text messages, emails, renewal lists, lapse reports and Broker Management System ("BMS") reports, to determine if there were any other files the Licensee may not have maintained or renewed.
4. A total of seven (7) Manitoba consumers were identified by the Agency as being impacted by the Licensee's misconduct, lack of service, or misrepresentations regarding in-force coverage. At all material times, the Licensee was the agent assigned to service the seven (7) Manitoba consumers. Council determined that the Licensee's conduct on six (6) of the seven (7) consumer files had resulted in violations of the *Act* and/or *Code of Conduct*. The six (6) impacted consumers with be discussed in succession.

Consumer #1

1. The O/A indicated that the Licensee failed to renew Consumer #1's policy, on August 1, 2022, and the policy lapsed. Consumer #1 contacted the Agency on March 9, 2023, as the Licensee failed to return Consumer #1's multiple emails. A new policy was written for Consumer #1 on March 10, 2023, which resulted in Consumer #1 being uninsured for 221 days.
2. On March 13, 2023, the O/A and the Agency's Commercial Manager met with the Licensee to discuss the lapse of Consumer #1's policy and failure to respond to emails. The meeting minutes noted that the Licensee indicated that *"it takes typically a year to get caught up"* and that he was aware that he *"dropped the ball"* on the file, but it was as a result of the *"pressure and stress and workload"*.
3. On September 10, 2023, the ICM was provided with documentation which indicated that the insurer emailed the Licensee to advise that the August 1, 2022 renewal was due and that they wanted to retain the risk. The Licensee failed to respond to the insurer and secure the policy renewal. The insurer indicated to the Licensee that Consumer #1's policy lapsed effective August 1, 2022, as the outstanding information had not been received. The Licensee failed to inform Consumer #1 that their policy had lapsed, and their risk remained uninsured.

4. The Licensee omitted integral details and misrepresented the status of Consumer #1's policy when he requested, by emails dated September 8, 2022 and September 21, 2022, that Consumer #1 supply signed applications, advised Consumer #1 of their premium balance, stated that the policy was effective from August 1, 2022 to August 1, 2023, and incorrectly advised Consumer #1 that the insurer was holding coverage bound pending receipt of the signed applications. The Licensee called Consumer #1 regarding the renewal requirements and failed to advise them that their policy had expired as of August 1, 2022.
5. On October 7, 2022, when the Licensee emailed the insurer requesting binding, the insurer responded that they had not received the signed application, the additional requirements had not been met, they were unable to backdate the policy to the original expiry date, and that due to the claims history, the policy would require an additional review. The insurer followed up with the Licensee on November 2, 2022, to advise that Consumer #1's application was declined as "*new business*" because it was no longer within their risk appetite. Third party markets also declined to insure the risk due to the claims history.
6. After receiving the determination from the insurer, the Licensee failed to inform Consumer #1 that their application was declined, and their risk was uninsured. The consumer emailed the Licensee on February 16, 2023 and March 4, 2023, requesting a status update on their policies, to which the Licensee failed to respond. On March 7, 2023, March 8, 2023, and March 9, 2023, the Licensee attempted to seek coverage for Consumer #1's properties with other insurers after the fact.
7. When questioned about why he failed to process Consumer #1's renewal, the Licensee indicated to the ICM that there were two contributing factors that affected his work: the continuous stress and high workload due to increased staff turnover, and a personal health concern. The Licensee indicated that the insurer advised him that they had a change in underwriting appetite and would not renew. The Licensee stated:

"This is where the error occurred. I missed this and did not get coverage bound/issued. I did drop the ball on this one. I believe the work environment with the lack of adequate staffing and unsustainable workload were contributing factors in this case. I failed to place coverage when I had the opportunity."

8. The Licensee also stated:

"I was the one who got a quote in one day, spoke to [the] insured and subsequently was able to get it bound."

9. On April 9, 2023, as part of his licensing application, the Licensee provided a statement to ICM's Licensing Department outlining the circumstances that lead to his termination. That statement contradicted the facts discovered during the investigation. ICM's Investigator confirmed with the insurer that they initially collaborated with the Licensee to quote and place coverage for the consumer; however, negotiations were taken over and the policy was bound by the Agency's Commercial Manager.

10. When questioned about this contradiction in his statement, the Licensee replied:

"Based on my memory of this case, I remember binding coverage. [redacted] the Commercial Manager was also communicating with the underwriter so may have also requested binding without my knowledge."

Consumer #2

1. The O/A's statements to the ICM indicated that two policies belonging to Consumer #2 were impacted by the Licensee's failure to renew: a Commercial General Liability ("CGL") policy and a Professional Liability (Errors and Omissions ("E&O")) policy. Consumer #2's coverage with the insurer, lapsed on May 4, 2022 after two (2) one-month extensions were provided. The insurer had sent requests for information to the Licensee and emailed him about the lapse. However, there is no record of the Licensee contacting Consumer #2 for the information until August [of 2022]. The information was provided by Consumer #2 to the Licensee on August 18, 2022, but the Licensee failed to forward that information to the insurer. The consumer went uninsured for one (1) year.
2. A review of statements and supporting documentation provided by the Agency to the ICM indicated that the Licensee failed to respond to the insurer's emails dated December 22, 2021, February 15, 2022, and March 2, 2022, regarding the renewal and outstanding requirements. On March 8, 2022, the insurer advised the Licensee that Consumer #2's policy had lapsed due to the Licensee's failure to respond. The Licensee emailed the insurer and requested that they not lapse the files. However, the insurer indicated to the Licensee that the renewal had been sent in February 2022, and as there was no response, they were unable to offer renewal terms.
3. The insurer made an attempt to accommodate the Licensee by providing the consumer with a one (1) month extension, effective March 4, 2022 to April 4, 2022, allowing Consumer #2 time to respond and meet the requirements. A second one (1) month extension was also granted, effective April 4, 2022 to May 4, 2022. Following the expiry of the May 4, 2022 extension, the Licensee failed to follow up with Consumer #2 regarding the outstanding requirements. He failed to follow up with the insurer to request an additional extension and he failed to discuss the renewal with the insurer or the consumer.

4. On August 10, 2022, Consumer #2 requested a copy of their CGL policy from the Licensee. The Licensee replied to Consumer #2 that he would send a copy of the Certificate of Insurance ("COI"). On December 11, 2023, the ICM requested from the Agency, a copy of the COI issued by the Licensee to Consumer #2, on or about August 10, 2022, which confirmed in-force coverage for their CGL policy. The Agency provided a copy of the COI which the Licensee supplied to the consumer.
5. The COI incorrectly stated that Consumer #2's CGL policy was due to expire on March 4, 2023; however, the policy lapsed on May 4, 2022. By issuing an invalid COI to Consumer #2, the Licensee misrepresented the status of the policy, outlining active coverage for a policy that had lapsed. Consumer #2 went uninsured for 366 days.
6. When questioned about Consumer #2's lapsed policies, the Licensee indicated to the ICM that:

"At this point I do not remember where it went from there. If in that process something was missed and coverage lapsed, I apologize. It was certainly not my intention to have this happen. Again, the amount of work, chronic understaffing and resulting stress would have been a major contributing factor. In this case as well, I failed to place coverage when needed."

7. On January 3, 2024, when questioned about the inaccurate COI, the Licensee indicated to the ICM that:

"In producing this certificate [COI] it appears I was using an older template. I failed to confirm however that the coverages listed were all on active policies."

Consumer #3

1. On May 9, 2023 and September 19, 2023, the O/A indicated to the ICM that Consumer #3 contacted the Agency for an update on their policy with their insurer. At that time, it was discovered that the policy had lapsed as of June 25, 2022. Review of the file by the Agency determined that the Licensee had email communications with the insurer in December of 2022, in which they confirmed that coverage would be reviewed for reinstatement. However, the Licensee failed to follow-up on the status of the file or complete the reinstatement.
2. A review of the supporting documents provided by the O/A indicated that on December 28, 2021, the Licensee emailed the insurer to advise that Consumer #3 had purchased a used mobile home and required coverage for the vacant mobile home until a lot location became available. By email dated February 7, 2022, the insurer advised the Licensee that they could provide a six (6) months vacancy permit and advised that if the mobile home was not sold after the six-month period, their Non-Standard Risk (NSR) team would consider finding coverage for the mobile home.

3. On June 1, 2022, the insurer emailed the Licensee to determine if the mobile home was sold. The Licensee failed to respond to the insurer. On June 27, 2022, the insurer emailed the Licensee again for an update on whether the mobile home was sold, and if coverage was still needed. The Licensee responded to the insurer and advised that Consumer #3 expected the mobile home to be sold in 1-2 months. The Licensee requested that the insurer issue a renewal.
4. On December 22, 2022, the Licensee emailed the insurer to inquire about the status of the renewal. He advised the insurer that the Agency was experiencing issues with their emails, and Agency emails were being redirected to their recipients' spam folder. He requested confirmation that his previous email did not end up in their junk/spam folder. On December 23, 2022, the insurer confirmed that the Licensee's email went to their junk/spam folder in July of 2022. The insurer indicated that the policy had lapsed, as they had not received the reply from the Licensee and were under the impression that coverage was no longer needed. As a result, the insurer stated that they would review the file for a reinstatement with management. The Licensee failed to follow up with the insurer to complete the reinstatement, and the Agency facilitated the reinstatement of the policy after the Licensee's termination.
5. On August 25, 2023 and December 20, 2023, the Licensee provided the ICM with his statements regarding his failure to reinstate Consumer #3's policy and indicated:

"[The insurer] at the time was very behind and it was commonplace for them to take several months to issue documents or changes."

The Licensee followed up with the underwriter to obtain a status update on the renewal documents. The Licensee stated:

"This is when the underwriter let me know coverage had lapsed. I let him know we asked to bind. He checked and admitted he had missed that email. He spoke to his manager, and they agreed to reinstate back to the renewal date."

6. On October 17, 2023, the insurer indicated to the ICM that they agreed to reinstate the policy, effective June 25, 2022. However, this reinstatement was not facilitated by the Licensee, but by the Agency's Commercial Manager.

Consumer #4

1. On May 9, 2023 and September 19, 2023, the O/A indicated to the ICM that on December 28, 2022, the Licensee sent Consumer #4 a roofing application and indicated that the consumer would need to provide their experience in flat roofing. On January 9, 2023, Consumer #4 forwarded an unbound application to the Licensee. The Licensee delayed the submission of Consumer #4's application to

market and did not begin marketing for quotes until March 1, 2023. The Licensee was terminated from the Agency on March 15, 2023, prior to securing a quote for the consumer.

2. When questioned about his failure to submit Consumer #4's application for quote requests in a timely manner, the Licensee indicated to the ICM that hot work roofing requires a special type of insurance and is difficult to obtain. Premium estimates were likely starting at \$35,000.00 or higher. It would also be difficult to find coverage, as not all markets dealt with this type of roofing operation. The Licensee stated:

"[Consumer #4] and I had several telephone conversations once the application was returned. I let her know I was submitting the application to several companies that might offer this type of coverage. I don't recall at this time if we received a quote or if marketing was still ongoing at the time I left. I believe at least one company declined to quote as they had no previous experience running this type of roofing operation. I believe [A Managing General Agent "MGA"] had not yet responded. I had spoken to [Consumer #4] to inform her of our progress. I let her know that Insurance companies were also behind and taking a long time to respond to quote requests. This being a specialty type of quote it was anticipated to take a long time to get a quote option."

3. When asked by the ICM "Why did you wait until March 1, 2023, two (2) months later, to submit the application for a quote if you knew that obtaining a quote was a lengthy process?" the Licensee indicated:

"In order to provide the client with the best chance to obtain coverage for Hot tar roofing, it was important to submit the most complete submission possible butting [sic] the best picture forward for underwriters to quote. I took the extra time to call [the] client and see if they had any experience with this type of work or if they had plans to hire anyone in particular that would add this experience to the submission. Once I was sure I had the most complete submission, I sent the quote request out."

Consumer #5

1. On May 9, 2023 and September 19, 2023, the O/A indicated to the ICM that in January of 2023, Consumer #5 contacted the Licensee to report a vehicle impact claim to their commercial building. Consumer #5 indicated to the Agency that the Licensee informed him that "everything was taken care of", the Licensee would contact the insurer, the claim would be sent in, and the insurer would connect with them.
2. The O/A provided the ICM with supporting documentation which indicated that on February 14, 2023, the Licensee received an internal Agency email advising that Consumer #5 called and requested that he return their call regarding an update on

the status of his claim. The Licensee failed to return Consumer #5's call. On February 15, 2023, the Licensee received a second internal Agency email advising that Consumer #5 called again and requested that the Licensee return the consumer's call. The Licensee failed to return the consumer's second call.

3. By email dated March 15, 2023, Consumer #5 contacted the Licensee and stated *"We really need to hear back from [the insurer] on this. Today would be good. We have a tenant withholding rent till we do something about this and we can't afford to wail [sic] any longer."*
4. On March 15, 2023, Consumer #5 contacted the Agency asking for a status update on his claim. The Agency contacted the insurer and learned that the claim had not been submitted to the insurer. The O/A advised Council's Investigator that they reviewed their BMS and were unable to locate any notes made by the Licensee regarding this claim.
5. When questioned about why he failed to submit Consumer #5's claim, the Licensee indicated to the ICM that he advised the consumer that he could submit the claim to their insurer and allow the adjuster to subrogate against the at-fault party. He advised Consumer #5 that they would receive the replacement value less the deductible refunded. The Licensee stated:

"I submitted the claim to [the insurer]. At this point I cannot recall how I submitted the claim, whether by fax or using the scanner to send email. To the best of my memory I did submit the claim. I did not however, follow up with the company to confirm it was received."

6. On October 11, 2023, the ICM confirmed with the insurer that there was no record of the insurer receiving notification, by fax or email, from the Licensee indicating that Consumer #5 suffered a loss. The insurer received notification of the April 4, 2022 loss from the Agency's Commercial Manager, on March 15, 2023.

Consumer #6

1. The O/A provided the ICM with supporting documentation and indicated that on August 3, 2021, the insurer, emailed the Licensee a renewal quote with additional requirements to bind coverage for Consumer #6's property. By email dated September 14, 2021, the Licensee asked the insurer to proceed with binding coverage and reviewed some of the additional requirements with the insurer. The insurer reminded the Licensee that there were outstanding requirements that needed to be met before they could bind. The Licensee failed to respond to the September 15, 2021 and September 21, 2021 emails from the insurer.
2. In multiple emails dated November 24, 2021, the Licensee began marketing Consumer #6's policy with an alternate insurer, (insurer #2), two (2) months after receiving renewal terms from the insurer. The insurer replied with a quote and

requirements to confirm prior to binding. On December 10, 2021, insurer #2 followed up on their November 25, 2021 quote and asked the Licensee if he had any additional questions and whether Consumer #6 would be proceeding with insurer #2's policy. The Licensee failed to reply to the insurer's email at this time.

3. On February 4, 2022, the Licensee emailed insurer #2 stating that Consumer #6 wanted to proceed with the policy and asked insurer #2 to honor the November 2021 rates. Insurer #2 indicated to the Licensee that without an updated application or current evaluator, they were unable to confirm the quote. The Licensee failed to reply to the email from insurer #2. On November 28, 2022, the Licensee sent insurer #2 another quote request and advised insurer #2 that the property had been uninsured since September 2021.
4. Insurer #2 replied to the Licensee that the additional requirements which were needed to bind coverage were still outstanding. In addition, insurer #2 asked the Licensee:

"They have been without insurance for over a year on their primary - why are they looking for insurance now?"

5. The Licensee replied:

"I had thought this was taken care of by a former employee last year. Turns out it did not get renewed. I am now trying to get them insured once again."

6. The Licensee discontinued communication with insurer #2 regarding Consumer #6's policy and failed to secure terms for the consumer. The Licensee's failure resulted in Consumer #6 going uninsured for two (2) years.
7. On December 20, 2023 and January 3, 2024, the Licensee responded to the ICM's inquiry about his failure to place coverage on the consumer's risk and indicated to the ICM that Consumer #6 had a home inspection, which identified an eight (8) year old hot water tank that the insurer wanted replaced. The Licensee remarketed the account in an attempt to find a market that would write it. Several markets declined, also wanting the hot water tank replaced. The Licensee stated:

"In the end I failed to find a market that was okay writing with the existing tank."

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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(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 sections 1 (Integrity), 2 (Competence), 3 (Quality of Service), 4 (Advising Clients), and 10 (Conduct Towards Others), of the *Code of Conduct*, agents owe a duty to their clients to be competent to perform the services which they undertake on a client's behalf, shall discharge their duties with integrity, shall provide a quality of service at least equal to that which agents or brokers would regularly expect of a Licensee in a like situation, shall be both candid and honest when advising clients, and they should make sure that the conduct towards the public be characterized by courtesy and good faith.

The investigation uncovered multiple instances of the Licensee's misconduct when he failed to respond to consumers in a timely manner, failed to be candid and honest with consumers about the status of their policies, and failed to respond to insurers on behalf of the consumers, which resulted in multiple Manitoba consumers going uninsured.

The Licensee failed to respond to Consumer #1 after the consumer made multiple attempts to contact the Licensee to determine the status of their policy. The Licensee misled Consumer #1 into believing that coverage was in-force when he emailed the consumer regarding the renewal and failed to mention that the insurer had lapsed the policy. The Licensee made a misrepresentation to the ICM when he stated that he

rectified the lapsed policy prior to his termination, when it was discovered that another agent at the Agency placed coverage for Consumer #1. The Licensee's negligent handling of Consumer #1's policy led to the consumer going uninsured for 212 days. Regarding Consumer #1, the Licensee was found to be in violation of sections 375(1)(a), 375(1)(b), and 375(1)(e) of the *Act*, and sections 1, 2, 3, and 10 of the *Code of Conduct*.

The Licensee failed to renew Consumer #2's policy which resulted in the consumer going uninsured for more than 365 days. The Licensee failed to notify Consumer #2 or the agency that the policy had lapsed. The Licensee misrepresented the status of the policy to Consumer #2 when he provided the consumer with a COI that incorrectly outlined active coverage on a policy that was lapsed for more than a year. Regarding Consumer #2, the Licensee was found to be in violation of sections 375(1)(a), 375(1)(b), and 375(1)(e) of the *Act*, and sections 1, 2, 3, 4, and 10 of the *Code of Conduct*.

The Licensee failed to renew Consumer #3's policy, and failed to facilitate a reinstatement when he discovered the lapsed policy. The Licensee indicated that he did request the reinstatement with the underwriter. However, the Licensee failed to follow up with the underwriter and secure coverage on the consumer's risk. Regarding Consumer #3, the Licensee was found to be in violation of sections 375(1)(b) and 375(1)(e) of the *Act*, and sections 2 and 3 of the *Code of Conduct*.

The Licensee delayed marketing Consumer #4's quote request even though he had adequate time to begin the marketing process. This created a delay in the consumer receiving their quote. The Licensee provided an inadequate quality of service. Regarding Consumer #4, the Licensee was found to be in violation of sections 375(1)(b) of the *Act*, and sections 3 and 10 of the *Code of Conduct*.

The Licensee failed to report Consumer #5's claim to the insurer when he was notified of the consumer's loss. The Licensee failed to follow up with the insurer to confirm they received the consumer's claim. The Licensee also failed to respond to Consumer #5's numerous attempts to communicate with him and failed to provide an update on the claim status. The Licensee then indicated to Consumer #5 that "*everything was fine*" when he was unaware of the claim status and had not submitted the claim. Regarding Consumer #5, the Licensee was found to be in violation of sections 375(1)(a), 375(1)(b), and 375(1)(e) of the *Act*, and sections 1, 2, 3, 4, and 10 of the *Code of Conduct*.

The Licensee failed to renew Consumer #6's policy resulting in the consumer going uninsured for two (2) years. The Licensee failed to inform the Agency and the consumer that the policy had lapsed. The Licensee falsely indicated to the insurer that he was not the agent responsible for the maintenance of the policy, when he had been the agent assigned to the file since 2021. Regarding Consumer #6, the Licensee was found to be in violation of sections 375(1)(a), 375(1)(b), and 375(1)(e) of the *Act*, and sections 1, 2, 3, 4, and 10 of the *Code of Conduct*.

During the course of the investigation, Council's Investigator and ICM's Director of Compliance asked the Licensee specific questions regarding each consumer. The

Licensee indicated that his handling of the affected files did not represent the totality of his work over the many years he had been licensed and that there were contributing factors, such as a heavy workload, high staff turnover, and a personal health issue which he had sought professional treatment for.

Based on the information and evidence reviewed, Council concluded that the Licensee's violations were egregious, and that disciplinary action was warranted.

PENALTY AND FINAL DECISION

Council's Revised Decision, dated February 7, 2025, was delivered to the Licensee by registered mail on February 22, 2025. The Revised 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 sections 375(1.1)(c) and 375(1.1)(d) of the *Act* and section 7(1), 7(2) and 7(4), of *Regulation 227/91*. Council hereby orders the following reprimand:

1. The Licensee's General Level 3 licence be reclassified to a General Level 1 licence for a period of two (2) years.
2. The Licensee shall require in-person supervision; virtual supervision is prohibited, and work must be conducted inside, but not outside, the office of a general insurance agency.
3. The Licensee is prohibited from working out of a home office approved by the agency.
4. After the two (2) year period, should the Licensee wish to re-obtain his General Level 2 licence, he must submit an application form for Council's consideration, following successful re-completion of the required Level 2 education.
5. The Licensee be fined \$1,000.00 and assessed partial investigation costs of \$5,000.00.

Pursuant to section 389.0.1(1) of the *Act*, the Licensee had the right to appeal this Revised Decision **within twenty-one (21) days of receipt**. The Licensee was advised of this right in the Revised 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 Revised 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 25th day of March, 2025.