

DECISION
of the
GENERAL INSURANCE COUNCIL OF MANITOBA
(“Council”)
Respecting
RILEY RAYMOND JAMES DAVIDSON
(“Former 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*.

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’s activity violated the *Act*, its *Regulations*, and/or the General Insurance Agent Code of Conduct (the “Code of Conduct”).

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

On February 19, 2025, 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 Former Licensee that he may request a Hearing to dispute Council’s determinations and penalty/sanction. The Former 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 *Regulation 227/91*, Council now renders its Decision and corresponding reasons.

ISSUES

1. Did the Former Licensee violate the *Act* and *Code of Conduct* when he:

- a. Used the insurer's portal to make unauthorized changes to consumers' policies in order to obtain premium refunds, which he directed to his personal credit card?
- b. Made a false declaration on his Insurance Council of Manitoba (ICM) Licence Reinstatement Application by failing to disclose that he had been terminated by a previous employer and had his insurer sponsorship withdrawn due to conduct involving mishandling of funds, fraud, misrepresentation, or breach of trust?
- c. Misrepresented to the ICM the reasons he left his previous agency?

FACTS AND EVIDENCE

1. The Former Licensee held a Level 1 General Insurance Agent's licence in Manitoba from June 8, 2010, to February 17, 2021, and held a Level 2 General Insurance Agent's licence from February 17, 2021, until October 31, 2022.
2. The Former Licensee was employed by an insurance agency (the "Agency") from July 13, 2016, to October 31, 2022.
3. On October 31, 2022, the Insurance Council of Manitoba (ICM) received a Termination Notice from the Agency which indicated that the Former Licensee's employment was terminated for cause due to fraud and unauthorized changes to customer policies.
4. On May 5, 2023, the Former Licensee submitted an ICM Licence Reinstatement Application (the "Reinstatement Application") to reinstate his Level 2 General Insurance Agent's licence with another agency. On the Reinstatement Application, the Former Licensee falsely answered "No" to question 5 which read:

"In any jurisdiction, at any time, have you, or any business with which you were/are involved been discharged or terminated by an employer, or had your insurer sponsorship withdrawn, for mishandling of funds, fraud, misrepresentation, conversion, undue influence, theft, forgery or breach of trust of confidentiality?"
5. On the Reinstatement Application and by email to the ICM, the Former Licensee had stated two reasons for leaving the Agency:
 - a. Because he wanted to try a new career path; and
 - b. Because there was a disagreement between himself and the ownership of the Agency regarding his future within the company.

6. By email dated October 24, 2024, the Agency's Operating Agent provided Council's Investigator with an internal audit conducted on the Former Licensee, and indicated to Council's Investigator that:
 - a. On October 28, 2022, the Agency discovered multiple credits to the same credit card, by the same employee, who was the Former Licensee.
 - b. The Agency audited the Former Licensee's transactions for 12 months and discovered five (5) cases where the Former Licensee used his personal credit card to take money that was owed to consumers, by using the Agency's Point of Sale ("POS") machine to apply a refund to his personal credit card.
 - c. The Agency's audit determined that:
 - i. August 11, 2022 – The Former Licensee refunded \$[redacted] to his personal credit card. The Former Licensee also lowered an evaluation on October 25, 2022. The Agency suspected that the Former Licensee was going to put the refund on his credit card.
 - ii. August 29, 2022 – The Former Licensee applied a refund of \$[redacted] to his personal credit card when the consumer overpaid for their policy.
 - iii. September 26, 2022 – The Former Licensee processed a cancellation that resulted in a credit of \$[redacted]. That same day, the Former Licensee applied the refund of \$[redacted] to his personal credit card. On October 7, 2022, the Former Licensee used his personal debit card to credit the customer's account for \$[redacted]. The Former Licensee retained the \$[redacted] difference.
 - iv. October 17, 2022 – The Former Licensee lowered the evaluation of a home and credited his personal credit card with a \$[redacted] refund.
 - v. October 25, 2022 – The Former Licensee lowered the evaluations of two (2) rentals and credited his personal credit card with a \$[redacted] refund.
7. By email dated January 20, 2025, Council's Investigator notified the Former Licensee of the Agency's allegations and his misrepresentation on ICM's Reinstatement Application. Council's Investigator requested a response by January 27, 2025.
8. By email dated January 20, 2025, the Former Licensee confirmed to Council's Investigator that he had reviewed the email. He indicated that he no longer worked in the insurance industry as he switched career paths completely, and asked *"Will this be staying between [the Agency], you and myself?"*
9. By email dated January 21, 2025, Council's Investigator advised the Former Licensee that his response regarding the Agency's allegations was required by January 27, 2025. The Former Licensee was advised that Council would be reviewing the file and

if disciplinary action was warranted, the Former Licensee would have an opportunity to request a Show-Cause Hearing and an Appeal before the final Decision was published.

10. A reminder email was sent to the Former Licensee on January 24, 2025, to respond to the allegations.
11. The Former Licensee failed to provide a response to Council's Investigator within the required deadline.

ANALYSIS AND DETERMINATIONS

Section 375(1) Investigation by superintendent, etc., 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 sections 1 (Integrity) and 10 (Conduct Towards Others), of the *Code of Conduct*, agents must discharge their duties to their clients, members of the public,

fellow agents or brokers, and insurers with integrity and make sure that the conduct towards the public be characterized by courtesy and good faith.

The investigation uncovered multiple instances of the Former Licensee's misconduct when he made unauthorized changes to three (3) customers policies, and based on these changes, credited his personal credit card with refunds owed to two (2) consumers. On three (3) other occasions, the Former Licensee credited customers' refunds to his personal credit card. The Former Licensee made unauthorized changes to customers' accounts with the sole intent to obtain money that did not belong to him.

Manipulating customer accounts for personal financial gain not only breaches ethical and legal standards but also undermines the fundamental trust customers place in licensed agents to act with honesty, integrity, and in their best interests. Amending a policy without the consumer's consent, with the intent to retain a refund to which one is not entitled, constitutes fraud and theft. This conduct is expressly prohibited under sections 113(2), as defined in section 113(1)(i), and sections 375(1)(a), 375(1)(b), 375(1)(e) of the *Act*, as well as sections 1 (Integrity) and 10 (Conduct Towards Others) of the *Code of Conduct*.

As an employee, the Former Licensee owed a duty of integrity and professionalism to consumers. The Former Licensee was to act professionally and with integrity when dealing with consumers accounts and adhere to the Agency's procedures when handling matters regarding these accounts. The Former Licensee failed to get the appropriate authorization to make changes to the consumers accounts.

Lastly, the Former Licensee falsely indicated "No" to a question on his Reinstatement Application asking whether he had been discharged or terminated by an employer, or had his sponsorship withdrawn, for mishandling of funds, fraud, misrepresentation, conversion, undue influence, theft, forgery or breach of trust of confidentiality. The Former Licensee also failed to disclose the actual reason for his termination by the Agency, when he made misleading statements to the ICM's Licensing department.

Providing false or misleading information on a licensing application, especially in relation to termination for misconduct, reflects a serious breach of both professional and legal responsibilities under the *Act* and *Code of Conduct*. Such conduct compromises the integrity of the insurance industry and erodes public confidence in the regulatory framework. It further undermines the ICM's mandate to protect the public by ensuring that only qualified, trustworthy individuals are authorized to engage in insurance.

During the course of the investigation, when asked by Council's Investigator to provide a response to the allegations, the Former Licensee failed to do so. Pursuant to the *Act* and *Code of Conduct*, Council holds the authority to require full cooperation from a licensee during an investigation. Failure to respond within the specified timeframe may, in and of itself, constitute a breach subject to disciplinary action, irrespective of whether additional violations are identified.

Based on the information and evidence reviewed, Council concluded that the Former Licensee violated sections 113(2) that prohibits unfair and deceptive act or practice in the business of insurance; 113(1)(i) that defines defective acts or practices as the commission of any act prohibited under the Act or Regulations, 375(1)(a) has been guilty of misrepresentation, fraud, deceit or dishonesty, 375(1)(b) any violation of any provision of the Act or any rule or regulation under the 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 sections 1 (Integrity) and 10 (Conduct Towards Others) of the *Code of Conduct*, and that disciplinary action is warranted.

PENALTY AND FINAL DECISION

Council's Decision, dated July 10, 2025, was delivered to the Former Licensee by registered mail on July 15, 2025. The Decision outlined the foregoing background, analysis and conclusions on a preliminary basis.

In consideration of the foregoing violations and pursuant to sections 375(1.1)(c), 375(1.1)(d), 396(1), and 396.1(7)(c), of the *Act* and sections 7(1), 7(2)(a) and 7(2)(b) of *Regulation 227/91*, Council imposed the following reprimand:

1. The Former Licensee be issued a fine of \$500.00 and assessed partial investigation cost of \$500.00.
2. Any future licensing application submitted by the Former Licensee must be reviewed and approved by Council.

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 19th day of August, 2025.