



Decision:

The Advisory Board has recommended that Mr. Romeh be granted a licence subject to strict terms and conditions.

I have considered the recommendations for licence conditions of the Advisory Board. The recommendations address four matters:

- Hearing costs
- Proficiency
- Medical fitness
- Supervision

The Advisory Board recommended that costs be levied against Mr. Romeh. The Commission does not have authority to levy costs of an Advisory Board hearing. The Advisory Board recommended that Mr. Romeh provide a medical certificate confirming that he is able to work as an agent, as a resolution to Mr. Romeh's assertions that some of his actions were as a result of health problems. However, as the Advisory Board noted, no evidence of health issues was provided by Mr. Romeh at the hearing, and accordingly, I do not see a sufficient basis to require a report on medical fitness as a condition of his licence. Accordingly, I do not propose to order conditions related to these two matters.

The Life Licence Qualification Program is a proficiency standard for new insurance agents. The recommendation dealing with completion of the Life Licence Qualification program implies that Mr. Romeh lacks the skills and knowledge necessary for a new insurance agent. However, there were no assertions by Mr. Romeh during the hearing that he did not know making false statements to the Commission was wrong. However, I believe that training in ethics so that Mr. Romeh is more likely to choose the right behaviours is a more appropriate reflection of the matters raised in the Notice of Hearing dated December 17, 2007, and will order such a licence condition.

The other recommendations are designed to establish a regime to supervise Mr. Romeh. The recommended conditions for supervision appear designed to address:

- the assertions by Mr. Romeh that he misunderstood questions on his application for a licence and accordingly a risk exists that he

misreads or does not understand documents such as insurance contracts or applications for insurance. Insurance applications contain many questions which must be carefully and precisely answered.

- misrepresentations, representing a risk that he will repeat this behaviour

Regulators cannot simply assume that past behaviour will not recur. Regulators need to consider the risk to an agent's clients or potential clients. In many cases the only way to address risks is to remove the agent from the industry permanently by revoking his or her licence. In other situations, often with some difficulty, the risk can be managed through supervision until such time as the agent is able to demonstrate that the past behaviours are not being repeated.

The Advisory Board has recommended conditions for supervision. These are similar in effect to supervision conditions that have been ordered in other cases, and I will order those recommended conditions in a similar form as that used in those other cases. The conditions applied to Mr. Romeh will also reflect the Advisory Board's recommendation that an insurance needs analysis be prepared for each insurance application and that his supervisor accompany him on meetings with clients and prospective clients.

The Advisory Board reported that Mr. Romeh failed to make complete disclosures to questions on his application for a licence as an insurance agent, in spite of obtaining legal advice about the meaning of those questions. Effective and efficient regulation of agents requires that agents are truthful. False or misleading information undermines the regulatory system and shows disrespectful for regulation. False statements to the Commission are a serious matter. Generally a penalty for making a false statement to the Commission is necessary to ensure the integrity of the licensing system. A period of suspension has been ordered in other cases. In this case, however, Mr. Romeh has not been licenced and not able to work as an insurance agent since his previous licence expired in August 2006. Accordingly I do not believe that it is necessary to issue a licence to Mr. Romeh and then suspend it for a period of time as a penalty.

I hereby order that a licence as a life insurance agent be issued to Mr. Osama Romeh subject to the following conditions and effective on the date that he has complied with the second and third conditions:

1. Mr. Osama Romeh be supervised by a supervisor approved by the Superintendent for a period of one year.
2. Mr. Romeh select a supervisor and submit the name of the

- supervisor and his or her resume to the Superintendent.
3. Subject to written approval of the supervisor proposed by Mr. Romeh by the Superintendent, such approval not to be unreasonably withheld, Mr. Romeh will arrange for his supervisor to provide a signed undertaking to the Superintendent that he or she will:
 - a. review the insurance needs analysis and insurance application for each case prepared by Mr. Romeh and co-sign all insurance applications prepared by Mr. Romeh
 - b. attend all meetings between Mr. Romeh and clients or prospective clients for the first six month period of supervision
 - c. report in writing to the Superintendent in the sixth and twelfth month of the period of supervision that the business on those applications in those six month periods complied with the law and good business practice.
 4. Mr. Romeh shall have the right to substitute supervisors subject to written approval by the Superintendent, such approval not to be unreasonably withheld
 5. Mr. Romeh shall prepare an insurance needs analysis with every application
 6. Mr. Romeh shall satisfactorily complete a course about ethics during the one-year period of supervision subject to the following conditions:
 - a. Mr. Romeh select the course and submit it for approval by the Superintendent
 - b. Mr. Romeh pay for the approved course.
 - c. Mr. Romeh provide to the Superintendent evidence of successful completion of the approved course by the conclusion of his one year period of supervision.

Dated at Toronto, this ^{12th} day of August, 2008.

Grant Swanson
Executive Director,
Licensing and Market Conduct Division
by delegated authority from
the Superintendent of Financial Services

SCHEDULE 1

The allegations referred to in the Notice of Opportunity for Hearing are as follows:

1. Mr. Romeh is not qualified for a Life Insurance Agent licence, and his application for a licence should be refused because:
 - a. He is not of good character and reputation as required by s. 4(1)(a) of Regulation 347/04 ("Regulation") made under the *Insurance Act*
 - b. He does not have a satisfactory record in the employment or business as required by s. 4(1)(c) of the Regulation
 - c. He is otherwise not a suitable person to receive a licence as required by s. 4(1)(i) of the Regulation
 - d. He has made material misrepresentations or omissions in the applications for the licence contrary to s. 8(b) of Regulation 347/04
 - e. He has demonstrated incompetence or untrustworthiness to transact the insurance agency business contrary to s. 8(d) of the Regulation
 - f. Under s. 7(4) of the Regulation, an application for renewal of a licence may be refused on any grounds on which the Superintendent is authorized to suspend or revoke the licence.
2. Such further and other allegations as counsel for FSCO may advise.