

Consensual Agreement and Undertaking

Between

**The Complaints and Investigation Committee
of
The Hail Insurance Council of Saskatchewan
(the Committee)**

And

Michelle Lynn Scherman

The Committee is authorized under Bylaw 7, Section 5, subsection 3, subparagraph (b), to enter into consensual resolutions of complaints.

Bylaw 5, Section 1, subsection 1 reads: The administrator shall, in addition to the requirements for the contents of a register required by the Act and the regulations, record on the register the existence and results of all disciplinary decisions or orders, court orders of suspension, alternative dispute resolution agreements, undertakings and mediation agreements involving a licensee or a person to whom the Hail Insurance Council of Saskatchewan (Council) has the authority to issue a licence." Disciplinary actions as described are reported on the Insurance Councils of Saskatchewan website and the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database.

Michelle Lynn Scherman (Mrs. Scherman) acknowledges and agrees that:

1. She violated Council Bylaws when:
 - A. Contrary to Bylaw 8, Section 1, subsection (a) she:
 - Acted contrary to the best interests of the consumer, or licensees or insurance companies.
 - B. Contrary to Bylaw 8, Section 2 (d) she failed to exercise due diligence, resulting in a material mis-statement in an application for licence or reports to continue a licence;
 - i. When she confirmed she had maintained a valid policy of errors and omissions ("E&O") insurance, knowing she neglected to renew her E&O insurance on April 1, 2018.

- ii. When on May 8, 2018, she declared all statements and answers on the 2018 Online Annual Reporting form were true and correct
- C. Contrary to Bylaw 8, section 2 (g) a licensee may be guilty of misconduct if the licensee: violates any provision of the Act, the regulations or the bylaws;
- i. When contrary to Schedule A, Part II, Section 4, subsection (1) she failed to maintain a valid policy of errors and omissions insurance;
 - a) When on April 1, 2018 she allowed her E&O to lapse while her licence remained active.
 - b) E&O was re-established on April 3, 2018.
 - c) Mrs. Scherman was without E&O coverage for 2 days and;
 - ii. When contrary to Schedule A, Part II, Section 4, subsection (2) she failed to immediately notify council in the event of a cancellation or non-renewal of her errors and omissions insurance.
 - iii. When contrary to Bylaw 2, Section 1, subsection (4) (d) she failed to immediately notify Council of cancellation or non-renewal of her errors and omissions insurance.
- D. Contrary to Bylaw 8, Section 2, subsection (q) she:
- Failed to follow sound business practices.

Mrs. Scherman acknowledges and agrees that:

2. Her rights to appear before a Discipline Committee of Council have been explained to her and she fully understands her rights and/or obligations under Council Bylaw 10;
3. She waives her rights to appear before a Discipline Committee and undertakes not to exercise any appeal rights she may have under Council Bylaw 10, Section 3 of *The Saskatchewan Insurance Act*, (the Act) as it relates to matters set out in this Consensual Agreement and Undertaking (Agreement).
4. This Agreement does not preclude Council from pursuing any other investigation against Mrs. Scherman for activities not identified in this Agreement that may be in violation of Council Bylaws or the Act.
5. Mrs. Scherman has been advised by the Committee that it is in her interests to obtain independent legal advice before entering into this Agreement.

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- a. Mrs. Scherman has obtained such independent legal advice and is satisfied with the same, prior to executing this Agreement, or
 - b. Mrs. Scherman has willingly chosen not to obtain such advice prior to executing this Agreement.
6. Mrs. Scherman hereby affirms that she has read and understands the terms of this Agreement, and is signing it voluntarily and of her own free will.

Mrs. Scherman having waived her rights, undertakes to:

- i. Pay a fine in the amount of \$292.00;
- ii. Reimburse Council's cost of investigation in the amount of \$330.00.
- iii. Pay all fines and investigative costs within 30 days of receipt of this Agreement.
- iv. Mrs. Scherman will ensure E&O insurance is in place while she continues to hold an insurance licence in Saskatchewan.

The Committee's Agreement:

1. The Committee agrees to accept from Mrs. Scherman the payment of \$622.00 as full and final resolution of the violations of Council's Bylaws as outlined in this Agreement; and
2. The Committee further agrees to take no further action against Mrs. Scherman for the acknowledged violations of Council's Bylaws that are set out in this Agreement.

Dated at Battleford, in the province of, Saskatchewan, this 13th day of September, 2018

Originally Signed by

Michelle Lynn Scherman

Dated at Regina, in the province of, Saskatchewan, this 18th day of September, 2018

Originally Signed by

Rodney Schoettler, Chair, Complaints and Investigation Committee
Hail Insurance Council of Saskatchewan