



DECISION

IN THE MATTER OF THE GENERAL INSURANCE COUNCIL OF SASKATCHEWAN ("Council")

MARKET PRACTICES COMMITTEE ("the Committee")

RESPECTING

Wajax GP Holdco Inc. o/a Wajax Equipment ("the Licensee")

The Committee is authorized under Council's Bylaw 2, section 2-3, to investigate complaints and adjudicate or mediate disputes respecting alleged non-compliance with *The Insurance Act* (the "Act"), *The Insurance Regulations* (the "regulations") or the General Insurance Council's Bylaws by applicants, licensees or persons who are required to be licensees pursuant to clause 5-31(3)(i) of the regulations, and to make decisions respecting penalties and other charges pursuant to clause 5-31(3)(k) of the regulations.

The Compliance and Enforcement Branch of the Insurance Councils of Saskatchewan ("Compliance") investigated the actions of the Licensee in relation to the fact its errors and omissions ("E&O") coverage lapsed for the period October 31, 2021 to November 15, 2021. A Notice of Proposed Action dated July 26, 2022, which enclosed an investigation report (with exhibits) and consensual agreement and undertaking (the "Agreement"), was delivered to the Licensee notifying the Designated Representative ("DR") that fines were being sought against the Licensee for breaching Council's Bylaws. Those documents were delivered to the Licensee on July 29, 2022.

The DR, on behalf of the Licensee, did not provide written representations or request a hearing to advise the Committee why the Licensee felt that the actions identified in the Agreement should not be taken, pursuant to section 10-11(3) of the Act, within the required time frame or at all.

As the Licensee failed to meet the requirements of section 10-11(3) of the Act within the required time frame, the Committee has confirmed that the actions outlined in the July 29, 2022 Agreement will be taken, pursuant to section 10-11(6) of the Act.

MISCONDUCT AND BYLAW VIOLATIONS BY THE LICENSEE:

The Act, section 5-26 Financial security required for insurance intermediaries

(1) Every business and individual that applies for or holds an insurance intermediary's licence shall meet and maintain the prescribed financial security requirements.

Regulation 5-23 Financial security – restricted licensees

- (1) Subject to subsection (2), every business that applies for or holds a restricted insurance agent's licence shall maintain and provide annually proof of a valid policy of errors and omissions insurance that:
- (a) provides a minimum of \$1,000,000 coverage with respect to any one occurrence and a minimum aggregate limit of \$2,000,000 with respect to all occurrences within a year;
 - (b) covers the insurance activities of the licensee; and
 - (c) is underwritten by an insurance company licensed to do business in Canada.
- (2) Subsection (1) does not apply to: (a) a deposit-taking institution; (b) a financing corporation; or (c) a member institution within the meaning of the Canada Deposit Insurance Corporation Act.

Bylaw 3-1 Licences and obligations

- (4) A licence imposes on the licensee, and if a business, the designated representative, obligations including but not limited to, the following:
- (c) to immediately notify [Council] of:
 - (i) the failure to maintain the prescribed financial security requirements (errors and omissions insurance or the bond), pursuant to sections 5-10 and 5-23 of the regulations;

Bylaw 4-1 Professional misconduct

- (1) For the purposes of the Act, the regulations and these bylaws, professional misconduct is a question of fact but includes any matter, conduct or thing, whether or not disgraceful or dishonorable that:
- (c) is a breach of the Act, the regulations or these bylaws.

REASON FOR THE DECISION:

As the Licensee failed to provide written representations or request a hearing, the Committee, pursuant to section 10-11(11) of the Act, considers the Agreement appropriate and makes the following order:

THE COMMITTEE HEREBY ORDERS THAT:

1. The Licensee pay the following fine:

Bylaw 4-1(1)(c)	\$2,000.00
Costs of investigation: 3 hours at \$110.00 per hour	\$ 330.00
Total:	<u>\$2,330.00</u>

2. The Licensee must **pay the fine and costs of investigation within 30 days of its receipt of this Decision**, pursuant to section 5-39(3) of the Act.

Dated at Regina, in the Province of Saskatchewan, this 6th day of September, 2022.

Originally signed by: Anne Parker

Anne Parker, Chair
Market Practices Committee

5-39(3) of the Act:

If a penalty imposed against a holder of an insurance intermediary's licence pursuant to subsection (2) **is not paid within 30 days after the holder is served with the written notice of the penalty and the decision of the Superintendent is not appealed, the licence is automatically suspended** immediately following the last date for paying the penalty or appealing the decision, whichever is later, and remains suspended until the penalty is paid or the licence expires.