

DECISION

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

MARKET PRACTICES COMMITTEE ("the Committee")

RESPECTING

JOSEPH BENJAMIN LIM JR. ("the Licensee")

The Committee is authorized under the Life Insurance Council 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 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 investigated the actions of the Licensee in relation to the fact that his errors and omissions ("E&O") coverage lapsed for the period of March 6, 2022 to June 22, 2022.

A Notice of Proposed Action dated March 22, 2023 enclosing a Consensual Agreement and Undertaking ("the Agreement") was served on the Licensee on March 23, 2023. The agreement notified the Licensee that fines were being sought against him for breaching Council's Bylaws.

To date, the Licensee has not provided Council with his response to the Agreement. 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 timeframes.

As the Licensee failed to meet the requirements of section 10-11(3), of the Act within the required timeframes, the Committee has confirmed that the actions outlined in the March 22, 2023 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 5-10 Financial security – insurance intermediaries and adjusters

(1) For the purposes of subsections 5-26(1) and 5-47(1) of the Act:

(a) every business that applies for or holds an insurance agent's licence for life, accident and sickness, or life and accident and sickness insurance shall maintain and provide annually proof of a valid policy of errors and omissions insurance that:

- (i) provides a minimum of:
 - (A) \$1,000,000 coverage with respect to any one occurrence and a minimum aggregate limit of \$1,000,000 with respect to all occurrences within a year; and
 - (B) \$1,000,000 extended coverage for loss resulting from fraudulent or dishonest acts;
- (ii) covers the insurance activities of the licensee; and
- (iii) is underwritten by an insurance company licensed to do business in Canada;

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 LICCS 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.

REASONS 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 fines:

Bylaw 4-1(1)(c) for E&O Lapse	\$1,000.00
Bylaw 4-1(2)(k) for Material Misstatement	300.00
Total:	<u>\$1,300.00</u>

2. The Licensee pay the costs of investigation of 4 hours at \$110.00 per hour: \$ 440.00
3. Total fines and costs of investigation: \$ 1300.00 + \$ 440.00 = **Total: \$1,740.00**
4. The Licensee must **pay the fines and costs of investigation within 30 days of his receipt of this Decision**, pursuant to section 5-39(3) of the Act.

5-39(3)

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.

Dated at Regina, in the Province of Saskatchewan, this 13 day of April, 2023.

Originally signed by: _____

Grant Laube, Chair
Market Practices Committee
Life Insurance Council of Saskatchewan