



## CONSENSUAL AGREEMENT AND UNDERTAKING

(Agreement)

Between

**THE GENERAL INSURANCE COUNCIL OF SASKATCHEWAN**

(Council)

And

**Rocking G Enterprises Inc.**

(the Agency)

The Agency through its designated representative, Kim Gerencser (DR) acknowledges and agrees that they received Notice regarding a proposed action, pursuant to Section 10-11 of *The Insurance Act* (the Act), and the reasons therefor, from Council, dated March 16, 2026.

**The Agency DR acknowledges and accepts responsibility for misconduct, and agrees that their actions were in violation of the Act, *The Insurance Regulations* (Regulations), and the General Insurance Council Bylaws (Bylaws) as follows:**

**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.

**The Act, Section 5-39 Penalties affecting insurance intermediary's licence**

(1) The Superintendent may act pursuant to subsection (2) if the Superintendent is satisfied that the holder or a former holder of an insurance intermediary's licence:

(a) has made a material misstatement in the application for the licence;

**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:

[...]

(c) every business that applies for or holds an insurance agent's or managing general agent's licence for crop hail insurance shall maintain and provide annually proof of a valid policy of errors and omissions insurance that:



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- (i) provides a minimum of \$250,000 coverage with respect to any one occurrence and a minimum aggregate limit of \$500,000 with respect to all occurrences within a year;
- (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 LICs 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.

(2) Without limiting the generality of subsection 4-1(1), a licensee may be guilty of misconduct if the licensee:

- [...]
- (k) makes a material misstatement in an application for licence or report to continue a licence, pursuant to clauses 5-39(1)(a) and 5-64(1)(a) of the Act;

**WHEREAS** the Agency has held a Crop Hail Licence, number 09316, since May 21, 2024, and is recommended by Chubb Insurance Company of Canada (Recommender).

**WHEREAS** the Agency held valid E&O insurance provided by Co-operators General Insurance Company up to April 1, 2025.

**WHEREAS** on March 2, 2025, ICS sent an auto-generated email reminder to the Agency to advise that ICS requires a current copy of the E&O Certificate as the current policy would expire on April 1, 2025.

**WHEREAS** on April 2, 2025, ICS sent an auto-generated email reminder to the Agency to advise that ICS requires a current copy of the E&O certificate as the current certificate expired April 1, 2025.



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**WHEREAS** on May 21, 2025, ICS sent an auto-generated email reminder to the Agency to advise that ICS had failed to receive a current copy of the E&O certificate and that the licence was slated to be suspended.

**WHEREAS** on May 23, 2025, the Licensing Department (Licensing) received the Renewal for the 2025 reporting period (Annual Return) with a copy of a valid E&O certificate for the period of May 5, 2025, to April 1, 2026, resulting in a thirty-four (34) day lapse.

**WHEREAS** on the Annual Return the Agency answered "Yes" to the following question:

"The applicant confirms they have obtained and maintained a valid policy of Errors & Omissions "E&O" Insurance as required by the Insurance Council Bylaws of Saskatchewan and *The Insurance Regulations*."

**WHEREAS** on the Annual Return the Agency DR Kim Gerencser declared that all statements and answers were true and correct on May 23, 2025.

**AND WHEREAS** on May 23, 2025, the DR advised Licensing via email of the following:

I overlooked renewing my E&O for April 1 because, as a hail licensee only, no sales of insurance products can be made until the insurance companies open their sales window which happened this year in mid-May. I erroneously didn't give the E&O renewal sufficient attention by April 1 for that reason.

### Penalty Analysis

Pursuant to section 5-39(2)(c) of *The Insurance Act*, a penalty may be imposed if a licensee contravenes any provision of the Act or the Regulations. Pursuant to section 5-15(2) of the Regulations, when imposing a penalty under section 5-39(2)(c), in the case of:

- an individual, the penalty may not exceed \$25,000; and
- a body corporate, the penalty may not exceed \$50,000.

In determining an appropriate penalty in matters of professional regulation, the following overarching factors are typically considered:

- the need to promote specific and general deterrence and thereby protect the public;
- the need to maintain the public's confidence in the integrity of the profession's ability to properly supervise the conduct of its licensees; and
- ensuring that the penalty imposed is consistent and not disparate when compared with penalties imposed in similar cases.

In addition, several factors specific to the misconduct are relevant in assessing the appropriate penalty, including but not limited to:



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- the nature and gravity of the offence, including any actual or potential harm to the public;
- whether the misconduct represents a first offence;
- the number of times the offence was proven to have occurred;
- the level of cooperation demonstrated by the licensee during the investigation; and
- whether the licensee has taken positive and meaningful steps to address and remediate the misconduct.

The risks associated with not maintaining an E&O policy are considerable and pose a significant concern for public protection. E&O policies are claims-made policies, and cover claims that are made during the policy term. The loss may have occurred in the past, but as long as it is reported during the current policy term, it can trigger coverage. In order to maintain coverage, the policy must stay in force. If the policy is not kept in force and there is a lapse, the licensee may not have coverage for losses which occurred during and/or prior to the lapse.

In 2016, the General Insurance Council instituted the minimum \$2,000 fine for a lapse in Errors and Omissions Insurance. The Hail Insurance Council, which was active at that time, chose not to implement a level dollar fine amount and chose to continue to calculate fines for E&O lapses as set out below:

Number of Days without E&O in 2025 = 34 days

E&O Annual Premium in 2025 = \$265.00

Cost per day savings without E&O =  $\$265.00/365 \text{ days} = \$0.73$

Total cost savings for 34 days without E&O =  $\$0.73 \times 34 \text{ days} = \$24.82$  (rounded up below)

Penalty for failure to maintain E&O 2025 =  $\$265.00 \times 20\% = \$53.00$  (rounded up below)

Recovery of cost for 34 days without E&O plus Penalty =  $\$25.00 + \$53.00 = \$78.00$

In addition, pursuant to bylaw 4-1(2)(k) of the General Insurance Council Bylaws, a licensee may be guilty of misconduct if the licensee makes a material misstatement in an application for a licence or report to continue a licence. The ICS framework places an affirmative obligation on licensees to provide complete, truthful, and accurate disclosures, and to exercise due diligence in verifying the accuracy of information submitted. The information provided by licensees is essential for the assessment of the licensee's continued suitability to hold a licence and whether the licensee continues to meet the requirements to hold a valid licence. Regardless of intent, the submission of materially inaccurate information constitutes a violation as it impairs the ability to carry out ICS oversight.



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The misstatement had the potential to influence the ICS assessment of the licensee's continued suitability to hold a licence. The extent to which a licensee's conduct calls into question the honesty and integrity is a critical factor in assessing suitability. It can indicate whether the individual has shown such untrustworthiness that they should not continue to conduct insurance business. While the DR claims he erroneously did not give the E&O policy renewal sufficient attention, he should have been aware of the lapse in coverage when he completed the Annual Return. However, as this is the first instance of the licensee providing inaccurate information to ICS and there is no apparent pattern of misconduct, the suitability of the licensee is not impacted. A penalty is the appropriate recourse.

While not bound by prior decisions, a review of decisions with similar conduct provides a reasonable penalty range. A review of ICS Consensual Agreements and Undertakings involving misstatements reflects a penalty range of approximately \$300. However, two similar recent Insurance Council of British Columbia (ICBC) are of particular assistance in determining penalty by providing a fuller analysis of the factors to consider:

- *Ma-Isabel Perez Javillo* (October 2014): A Life Agent licensee's E&O insurance expired in June 2013. She received notice of the expiration but subsequently submitted her annual filing to Council, confirming that she was in compliance with all of the Council Rules. The licensee was fined \$2,800 for her failure to maintain E&O coverage, and an additional \$500 for making a material misstatement in her annual filing.
- *Jiang Ping (Tracy) Tan* (September 2024): A Life Agent licensee was audited and asked to provide continuing education (CE) records and proof of E&O coverage. It was determined the licensee was short one CE credit but inaccurately declared she met the CE requirement on her annual filing. The licensee was fined \$2,000 for the failure to complete the required CE and \$500 for making a material misstatement on her annual filing.

As with the Jiang Ping (Tracy) Tan decision, which relied upon the Ma-Isabel Perez Javillo decision as precedent for establishing the penalty baseline of \$500, there are mitigating factors in that the DR has no similar pattern of misconduct, was cooperative with the investigation and acknowledged he erroneously did not give the E&O renewal sufficient attention. However, aggravating factors include that he should have been aware of the lapse in coverage when he completed the Annual Return. On balance, the factors warrant a penalty in line with the ICBC baseline.

### **The Agency acknowledges and agrees that:**

- a. The Agency's right to make a written submission to or appear before the Market Practices Committee of Council (Committee) at an oral hearing to make representations as to why this action should not be taken has been explained and that they fully understand the Agency's rights and/or obligations.



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- b. The Agency waives its right to make a written submission to the Committee or to appear before the Committee at an oral hearing and chooses to resolve this matter by way of this Agreement and accordingly waives any right of appeal with respect to this action.
- c. This Agreement does not preclude Council from pursuing any other investigation and/or sanctions against the Agency for activities not identified in this Agreement that may be in violation of the Act, the Regulations or Bylaws.
- d. The Agency has been advised that it is in their best interest to obtain independent legal advice before entering into this Agreement. The Agency has either:
  - a. obtained such independent legal advice prior to executing this Agreement; or
  - b. has willingly chosen not to obtain such advice prior to executing this Agreement.
- e. The DR hereby affirms that they have read and understands the terms of this Agreement and that they are signing it voluntarily and of their own free will.

**The Agency, having waived its rights, accepts and undertakes to fulfill the sanctions imposed by the Council as follows:**

- a. Pay a penalty in the amount of \$578.00.
- b. Pay the costs of investigation in the amount of 3 hours x \$110.00 = \$330.00.
- c. Pay the fine and costs, in the total amount of \$908.00 within thirty (30) days from the date of this Agreement.

**The Council's Agreement:**

Upon fulfillment of the sanctions imposed, the Council agrees this to be the full and final resolution of the violations of Council's Bylaws by the Agency as outlined in this Agreement.

Originally signed by: \_\_\_\_\_  
**Designated Representative, Kim Gerencser  
on behalf of the Agency**

March 30, 2026  
\_\_\_\_\_

**Date**

Originally signed by: \_\_\_\_\_  
**Denny Huyghebaert, Executive Director  
Insurance Councils of Saskatchewan**

March 31, 2026  
\_\_\_\_\_

**Date**