

## DENIAL OF LICENCE RENEWALS

### **Mike Finneron Pontiac Buick Ltd. (“Dealership”) and Susan Y. Finneron (“Former Licensee”) Jointly (the “Applicants”)**

Council considered applications for licensing from the Dealership and the Former Licensee. This was the third consecutive occasion where the Dealership did not renew its licence prior to the expiry date and continued to act as an insurance agent.

The first occurrence was when the Applicants’ licences expired in October 1994. After inquiries were made, licences were issued in January 1995 and a letter sent to the Applicants outlining the Dealership’s responsibility to ensure valid licences were in place prior to conducting insurance activities.

The second occurrence was for the renewal due in January 1997. Completed applications were not received until May 1997. This was

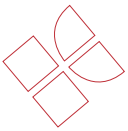
the second consecutive renewal that was not dealt with in a timely manner and where unlicensed activity had been conducted. The Dealership, through its nominee, provided Council with a written confirmation that procedures had been implemented to ensure licence applications were submitted on a timely basis regardless of any change in nominee. Based on this assurance, licences were issued along with a second reminder letter outlining the Dealership’s responsibilities.

The Applicants again filed to renew their licences late in 1999 and continued to conduct insurance activities.

The explanations and solutions offered by the Applicants were found to be inadequate. Council further noted that it was 16 months from the date the previous licences expired until the current applications and sufficient information had been filed for consideration.

Council found the Applicants were not acting in a competent manner, nor were they acting in accordance with the usual practice of the business of insurance. As a result of these findings, Council determined the Applicants were not suitable to hold insurance licences pursuant to section 173 of the *Act*, and that future licence applications would not be considered for sixteen months. Any future applications must be accompanied by a proposal that will satisfy Council that unlicensed activity will not reoccur.





## COUNCIL DECISIONS: GENERAL INSURANCE

### LICENCE CANCELLATIONS

#### **Erin Cori MacEwen (“Licensee”) Surrey, B.C.**

*(Former Level 1 General Insurance Salesperson)*

Council took the following action after determining the Licensee is not trustworthy, competent and financially reliable, and does not intend to act in good faith and in accordance with the usual practice of the business of insurance:

- the Licensee’s Level 1 general insurance salesperson licence is cancelled.

This matter arose out of circumstances where the Licensee:

- took cash from an ICBC transaction and replaced it with a personal cheque that was later returned due to insufficient funds;
- incorporated another person’s name and address onto her own personal cheque to leave the impression that Autoplan 12 payments were being withdrawn from the registered owner’s account when in fact they were being withdrawn from her account, contrary to ICBC guidelines;
- cited false documentation on two transfer forms;
- incorporated an incorrect address on a vehicle transfer and registration form to avoid AirCare inspection and to obtain a cheaper insurance rate on her vehicle; and,
- improperly signed another person’s name on a vehicle transfer and registration form.

### CONVICTIONS

#### **Shirley Marie Bonderoff, (“Former Licensee”) Kelowna, B.C.**

*(Former Level 3 General Insurance Agent)*

On October 24, 2000, the Former Licensee pleaded guilty to a charge of theft over \$5,000 and was sentenced to one-year probation with conditions, which included a curfew, paying a victim surcharge, and performing 120 hours of community service.

### MATERIAL MISSTATEMENTS

#### **Loren Adams (“Licensee”) Dartmouth, Nova Scotia**

*(Level 1 General Insurance Salesperson)*

Council took the following action after determining the Licensee made a material misstatement on his application for an insurance licence:

- the Licensee was fined \$200; and,
- the Licensee must pay the costs of Council’s investigation.

Council found that the Licensee knew, or ought to have known, had he exercised reasonable diligence, that the information he provided on his application was not true.

#### **Marnie Connolly (“Licensee”) Chilliwack, B.C.**

*(Level 1 General Insurance Salesperson)*

The Licensee was fined \$200 and ordered to pay Council’s investigative costs after it was determined she made a material misstatement on her renewal application. Council found the Licensee knew or ought to have known, had she exercised reasonable diligence, that the information she provided on her application was untrue.

### REPRIMANDS

#### **Raymond Edward Willie (“Nominee”)**

**White Rock, B.C.**

*(Level 3 General Insurance Nominee)*

#### **Special Risk Insurance Brokers Ltd. (“Agency”)**

**White Rock, B.C.**

*(General Insurance Corporate Licence)*

Council took the following action after determining the Nominee and the Agency acted contrary to the usual practice of the business of insurance:

- the Licensee is reprimanded;
- the Agency is reprimanded; and,
- the Agency is assessed the costs of Council’s investigation.

This matter arose out of the following circumstances:

- The complainant purchased three rental properties and requested insurance from a broker. This broker, in turn, sub-brokered the business to the Agency. The Nominee issued a cover note of insurance without authorization from a Lloyds of London underwriter, contrary to its Producing Broker’s Agreement with that underwriter.
- The complainant submitted a claim which the underwriter denied on the basis that insurance was never issued.

Council took into consideration that the Nominee had notified the underwriter of the new request for insurance and expected the quote would be forthcoming. The Nominee assumed the risk would be accepted since it was already insured through the underwriter, albeit under different ownership. Council found that the Nominee acted in good faith with the expectation that the risk would be insured, but that he ought to have obtained explicit binding authority



from the underwriter in accordance with the Broker's Agreement.

## SUSPENSIONS

**Kimberly Ann Wylie  
("Licensee")  
Fort St. John, B.C.**

*(Level 1 General Salesperson)*

Council took the following action after determining the Licensee failed to act in accordance with the usual practice of the business of insurance and a condition on her licence:

- the Licensee received a two-week suspension;
- the Licensee was fined \$200; and,
- the Licensee was assessed the costs of Council's investigation.

In this matter, the Licensee obtained client information from her agency's and ICBC's computer system for personal reasons and subsequently communicated this information to another person.

Information about a customer obtained in a transaction cannot be used or communicated except as required for the transaction in which the information was provided or a similar subsequent transaction between the insurance agency and the same customer, unless authorized by an enactment or court proceeding.

## COUNCIL DECISIONS: LIFE INSURANCE

### LICENCE CANCELLATIONS

**David Court ("Licensee")  
Nanaimo, B.C.**

*(Former Level 2 Life Insurance Agent)*

Council took the following action after determining the Licensee is not trustworthy, competent and financially reliable, and does not intend to publicly carry on business as an insurance agent in good faith and in accordance with the usual practice of the business of insurance:

- the Licensee's Level 2 life insurance licence is cancelled.

This matter arose out of circumstances where the Licensee, while acting as a mutual fund salesperson registered under the *Securities Act*:

- accepted a personal cheque in the amount of \$6,000 from a client;
- deposited those funds into his own personal account;
- was delinquent in making investments on behalf of two clients;
- failed to invest \$4,000 of the original \$6,000 he received from the client;
- failed to invest and register money for two clients prior to the RRSP deadline of February 29, 2000; and,
- placed the fund dealer in a position of bearing the cost of refunding the clients' accounts with a sum equal to the growth that would have been realized had the funds been invested properly.

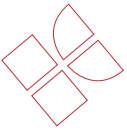
### SECTION 238 ORDERS

**Ian Munro Callaway  
("Licensee")  
North Delta**

*(Level 2 Life Insurance Sole Proprietor)*

Council ordered the following action after an investigation revealed that the Licensee was charged in July 2000 with one count of fraud over \$5,000 and one count of theft over \$5,000 under the *Criminal Code of Canada*.

Council determined that the current charges bring into question the Licensee's trustworthiness and intention to publicly carry on the business of insurance in good faith. Accordingly, Council considered it to be in the public interest to attach the following conditions to the Licensee's insurance licence pending



## COUNCIL DECISIONS: LIFE INSURANCE

### **Callaway** (*continued*)

the outcome of the criminal proceedings:

The Licensee:

- must provide to Council a list of the insurance companies the Licensee currently holds contracts with and contact each of these insurance companies, in writing, advising each of the outstanding criminal charges;
- must provide written confirmation from each of the insurance companies he holds a contract with that the company has been notified of the criminal charges;
- must immediately provide the Council with proof from any insurance company with which the Licensee enters into a new contract, that it is aware of the pending criminal charges; and,
- is prohibited from accepting, in his name or that of a corporation controlled by him, any funds from a member of the public.

### **MATERIAL MISSTATEMENTS**

#### **Security-Pacific Insurance Agencies Inc. (“Former Agency”) Vancouver, B.C.**

(Former Corporate Life Agent)

Council took the following action after determining the Former Agency made material misstatements on two corporate licence applications:

- the Former Agency is fined \$500 for each material misstatement.

This matter arose out of the following circumstances:

- While licensed as a corporate life agent, the Former Agency (a British Columbia company), was not in good

standing with the Corporate Registry and was ultimately dissolved for failing to file annual statements. The Former Agency failed to disclose these facts on relevant application forms as required by Council.

### **REPRIMANDS**

#### **Adrien Goetz (“Former Licensee”) North Vancouver, B.C.**

(Former Level 1 Life Insurance Nominee)

Council took the following action after determining the Former Licensee breached section 231 of the *Act* by failing to act in accordance with the usual practice of the business of insurance:

- the Licensee is reprimanded; and,
- the Licensee is assessed the costs of Council’s investigation.

This matter arose when the Former Licensee failed to deliver an insurance policy in a timely manner. In March 1997, the Former Licensee completed an application for life insurance for his client who was a former business associate. Due to frequent travel by both the Former Licensee and the client, a convenient time to meet was never established. While attempts were made by the Former Licensee, the policy was never delivered.

The usual practice is to deliver an insurance policy within the guidelines established by the company, but in any event, within 30 days of the date an insurance agent receives the policy. If an appointment to deliver the policy cannot be arranged within that timeframe, the policy should be sent to the policyowner by registered mail.

#### **Lawrence V. Gatt (“Licensee”) Langley, B.C.**

(Level 2 Life Insurance Nominee)

Council took the following action after determining the Licensee breached section 231 of the *Act* by failing to act in a competent manner and in accordance with the usual practice of the business of insurance:

- the Licensee is reprimanded; and,
- the Licensee is assessed the costs of Council’s investigation.

This matter arose out of the Licensee’s recommendation to a client to replace an annuity contract paying 12.75% with one issued at 8.375%. This transaction occurred in 1987 during a review and replacement of the client’s existing life insurance. The annuity was being used to pay the life insurance premium. The stated reason for replacement of the annuity was to keep both the annuity and life insurance with the same company.

Council found that the recommendation to replace the annuity was detrimental to the interests of the policyowner. In consideration of the appropriate disposition of this matter, Council noted that there was reasonable disclosure of the transaction and the client was aware of and consented to the changes. As well, there had been no other related allegations made against the Licensee since 1987 and the Licensee acknowledged, in hindsight, that he would not have undertaken the transaction in the same manner today.



## SUSPENSIONS

### Melvin T. McMillan (“Licensee”) Prince George, B.C.

(Level 2 Life Insurance and General Insurance Nominee)

Council took the following action after determining the Licensee made a material misstatement, acted in breach of a condition on his general nominee’s licence and failed to act in a trustworthy manner, in good faith and in accordance with the usual practice of the business of insurance:

- the Licensee is fined \$1,000 for making a material misstatement in reply to an inquiry from Council;
- the Licensee is fined \$1,000 for breaching a licence condition;
- the Licensee’s life insurance licence is suspended for 1 month; and,
- the Licensee is assessed the costs of Council’s investigation.

This matter arose out of the following circumstances:

- The Licensee’s life agent nominee 2 licence expired on November 29, 1999 and was not reinstated until May 2, 2000. As part of the application process for reinstating his licence, the Licensee provided a notarized letter to Council stating that he had not conducted any life insurance business since his licence expired.
- However, the Licensee had in fact taken applications for life insurance from two clients during the above unlicensed period, contrary to the *Act*. Accordingly, Council found the Licensee to have breached the condition on his general nominee’s licence that required his compliance with the *Act*. Council also determined that the Licensee made a material

misstatement by misrepresenting his activities while unlicensed.

- In addition, the Licensee took applications for segregated funds from 5 clients and had another life agent sign the applications as the representative in order to circumvent the insurer’s internal policy that prohibited the Licensee from selling the funds without a mutual funds licence.

### Baljeet Singh Randhawa (“Licensee”) Vancouver, B.C.

(Level 2 Life Insurance Agent)

Council took the following action after determining the Licensee failed to act in a trustworthy and competent manner, in good faith and in accordance with the usual practice of the business of insurance:

- the Licensee is suspended for one week;
- the Licensee is reprimanded;
- as a condition of his licence, the Licensee must enrol in and successfully complete the first available offering of the CLU Law Course (327); and,
- the Licensee is assessed the costs of Council’s investigation.

These matters arose out of the following circumstances:

- In the process of taking an electronic life insurance application from a client, the Licensee neglected to have the client sign a declaration form as required by the insurer. The Licensee subsequently signed the client’s name on a declaration form and submitted it to the insurer.
- Further, the Licensee neglected to provide underwriting requirements, including signed declaration forms and banking or premium payment

information to the insurer in a timely manner. In some cases, the insurer was unable to issue coverage as a consequence.

In considering the appropriate disposition of this matter, Council considered that the Licensee was unlicensed for two months while Council conducted its investigation.

### Thomas Grant Williams (“Licensee”) Prince George, B.C.

(Level 2 Life Insurance Nominee)

Council took the following action after determining the Licensee breached a licence condition and failed to act in a trustworthy, competent manner and in accordance with the usual practice of the business of insurance:

- the Licensee is suspended for 1 month;
- the Licensee is fined \$300 for breaching a licence condition; and,
- the Licensee is assessed the costs of Council’s investigation.

This matter arose out of the following circumstances:

- The Licensee signed and submitted five segregated fund applications as the insurer’s representative in order to assist another agent in circumventing the insurer’s policy that prohibited life agents from selling segregated funds unless they were also licensed to sell mutual funds.
- It was also determined that written disclosure pursuant to section 90 of the *Act* was not provided to any of the segregated fund clients. Since the Licensee ultimately acted as the representative for the transactions, he was found to have breached a licence condition that required such disclosure.