

In the Matter of

The *FINANCIAL INSTITUTIONS ACT*
(RSBC 1996, c.141)
(the “Act”)

and

The *INSURANCE COUNCIL OF BRITISH COLUMBIA*
(“Council”)

and

MITSUKO RYOMOTO
(the “Licensee”)

ORDER

As Council made an intended decision on April 12, 2016, pursuant to sections 231 and 236 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons and notice of the intended decision dated May 27, 2016; and

As the Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

Under authority of sections 231 and 236 of the Act, Council orders:

1. A condition is imposed on the Licensee’s general insurance licence that requires the Licensee to successfully complete Council’s Level 3 seminar: Duties and Responsibilities of a Level 3 General Insurance Agent, and the Council Rules Course (the “Courses”), on or before **September 15, 2016**. If the Licensee does not successfully complete the Courses by this date, the Licensee’s general insurance licence is suspended as of **September 16, 2016**, without further action from Council and the Licensee will not be permitted to complete any subsequent annual filings until such time as the ordered Courses are successfully completed.
2. The Licensee is fined \$1,000.00.

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3. A condition is imposed on the Licensee's general insurance licence that requires the Licensee to pay the above-ordered fine no later than **September 15, 2016**. If the Licensee does not pay the ordered fine in full by this date, the Licensee's general insurance licence is suspended as of **September 16, 2016**, without further action from Council and the Licensee will not be permitted to complete any subsequent annual filings until such time as the ordered fine is paid in full.

This order takes effect on the **15th day of June, 2016**.



Brett Thibault
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

MITSUKO RYOMOTO
(the “Licensee”)

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee acted in compliance with the requirements of the Act.

As part of Council’s investigation, on March 7, 2016, a Review Committee (the “Committee”) met with the Licensee to discuss allegations that, in her capacity as a manager at her agency (the “Agency”), she allowed a general insurance agent, who was not authorized to represent the Agency, to engage in insurance business on behalf of the Agency, and allowed Level 1 general insurance salespersons (“Salespersons”) to engage in insurance activities outside of the Agency’s office.

The Committee was comprised of one voting member and three non-voting members of Council. Prior to the Committee’s meeting with the Licensee, an investigation report was distributed to the Committee and the Licensee for review. A discussion of this report took place at the meeting and the Licensee was provided an opportunity to make further submissions. Having reviewed the investigation materials, and after discussing this matter with the Licensee, the Committee prepared a report of its meeting for Council.

The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its April 12, 2016 meeting, where it was determined the matter should be disposed of in the manner set out below.

PROCESS

Pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take under sections 231 and 236 of the Act before taking any such action. The Licensee may then accept Council’s decision or request a formal hearing. This intended decision operates as written notice of the action Council intends to take against the Licensee.

FACTS

The Agency has been licensed as a general insurance agent for over 30 years.

The Agency operates from two locations. One branch is located on Steveston Highway in Richmond and the second branch is located on Cambie Road in Richmond.

The Licensee has held a general insurance licence since 2001, and obtained a Level 3 general insurance agent licence in 2007. The Licensee is the supervisor responsible for the insurance activities at the Agency's Cambie Road location.

Unlicensed Activity

An inspection of the Agency's Cambie Road location found that files assigned to a Level 1 general insurance salesperson (the "Salesperson") were actually being handled by the Salesperson's wife (the "Spouse"), who held a Level 2 general insurance agent licence, but who was not authorized to represent the Agency.

The Spouse stated that she became involved in assisting the Salesperson at the Agency after his working capacity became limited due to medical issues. The actions of the Salesperson and the Spouse were known to the Licensee.

In allowing the Spouse to work with the Salesperson, the intent was to assist the Salesperson with his insurance activities while he recovered from the medical issues.

The Licensee acknowledged that she was aware of the involvement of the Spouse and that she had worked directly with the Spouse when placing insurance for clients who had been assigned to the Salesperson. The Licensee stated she knew the Spouse was assisting the Salesperson after his health issues arose, and chose to disregard the fact that the Spouse did not have the authority to represent the Agency.

In explaining this conduct, the Licensee stated that she was not responsible for matters pertaining to hiring and licensing at the Agency.

Salesperson Activity

In addition, the inspection revealed that two Salespersons, who were authorized to represent the Agency, were conducting insurance business outside of the Agency office, contrary to the restrictions on their licences.

The Licensee advised that, in allowing the Salespersons to engage in insurance activities outside of the Agency's office, the Agency was trying to address service issues relating to Mandarin- or Cantonese-speaking clients. In doing so, she failed to consider the restrictions on the licences of Salespersons.

The Licensee acknowledged that it was common practice for the Salespersons to be given insurance documents and be expected to leave the Agency office to deliver policies, obtain client signatures, or pick up premium payments.

The Licensee confirmed that she is now mindful of the licence restrictions of the Salespersons. The Licensee now circulates all Council notices to her staff, and ensures they are all aware of the limits on their licences.

ANALYSIS

Council found that the Licensee knew, or ought to have known, that Salespersons at the Agency were engaging in insurance activities outside of the Agency office, contrary to their licence restrictions. Council also found that the Licensee allowed the Spouse to conduct insurance activities on behalf of the Agency, even though she did not have the authority to represent the Agency.

In regard to the breaches, Council accepted that, in allowing the Spouse to assist the Salesperson, the Licensee was trying to support the Salesperson, but noted that it was the Licensee's responsibility to prevent this from happening by bringing this matter to the attention of the Agency's nominee.

With regard to allowing Salespersons to act in contravention of a licence restriction, Council found the Licensee's reasoning to be unacceptable, bringing into question her ability to act in a competent manner and in accordance with the usual practice of the business of insurance.

Council noted that, since the inspections, the Licensee, along with the Agency and its nominee, have taken steps to require that all licensed staff hold, at minimum, a Level 2 general insurance agent licence.

Council found that there was an inadequate level of supervisory oversight at the Agency office prior to Council's inspection. Council considered the decision *Hanin Insurance Services Inc.*, which involved an insurance agency that failed to understand the extent of the restrictions on the licences of Salespersons, resulting in a breach of the restrictions by one of its Salespersons. In *Hanin Insurance Services Inc.*, Council emphasized that the licence condition, which prohibits Salespersons from carrying on insurance business outside of an insurance agency's office, is fundamental to the protection of the public.

Council determined that the Licensee failed to take sufficient steps to ensure that the Salespersons were carrying on insurance activities in accordance with the licence restrictions. Council found the decision *Hanin Insurance Services Inc.* helpful in this regard, and determined that a fine was appropriate for the Licensee.

In addition, to address the lack of attention to supervision and compliance with Council Rules, Council determined the Licensee should be required to complete Council's Level 3 seminar: *Duties and Responsibilities of a Level 3 General Insurance Agent* and the Council Rules Course.

INTENDED DECISION

Pursuant to sections 231 and 236 of the Act, Council made an intended decision to:

1. Fine the Licensee \$1,000.00.
2. Impose a condition on the Licensee's general insurance licence that requires her to successfully complete Council's Level 3 seminar: *Duties and Responsibilities of a Level 3 General Insurance Agent* and the Council Rules Course within 90 days of the date of Council's order.

The Licensee is advised that, should the intended decision become final, the fine will be due and payable within 90 days of the date of the order. In addition, failure to pay the fine, or complete Council's Level 3 seminar and the Council Rules Course within the 90 days, will result in the automatic suspension of the Licensee's general insurance licence and the Licensee will not be permitted to complete any annual filing until such time as the fine is paid in full and the Level 3 seminar and the Council Rules Course are successfully completed.

The intended decision will take effect on **June 15, 2016**, subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

RIGHT TO A HEARING

If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee must give notice to Council by delivering to its office written notice of this intention by **June 14, 2016**. A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director.

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If the Licensee does not request a hearing by **June 14, 2016**, the intended decision of Council will take effect.

Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 30 days to file a Notice of Appeal, once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at fst.gov.bc.ca or contact them directly at:

Financial Services Tribunal
PO Box 9425 Stn Prov Govt
Victoria, British Columbia
V8W 9V1

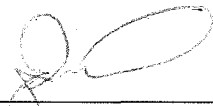
Reception: 250-387-3464

Fax: 250-356-9923

Email: FinancialServicesTribunal@gov.bc.ca

Dated in Vancouver, British Columbia, on the **27th day of May, 2016**.

For the Insurance Council of British Columbia



Gerald Matier
Executive Director
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