

Life Insurance Council of Saskatchewan

Spring 2009 Newsletter

NOTICE OF TRANSITION IN ICS MANAGEMENT

The Insurance Councils of Saskatchewan (ICS) and the Insurance Brokers' Association of Saskatchewan (IBAS) have enjoyed an excellent business and working relationship since the Councils were established in 1985.

ICS and IBAS share a common boardroom, certain office systems, equipment and space, a receptionist, and an Executive Director. The business arrangement has provided financial and organizational benefits to both.

ICS and IBAS are experiencing an increased level of activity and have agreed to develop a separate management structure.

Executive Director Ernie Gaschler who successfully served in a joint management capacity since 1992 will continue to work with IBAS.

The ICS has initiated the search for a new chief officer and is pleased that Ernie will continue to assist the Councils during the search and transition process.

LICENCE FEE INCREASE

Licensees were previously advised of a \$10 increase in licence fees for 2009 and 2010.

As a result of the decision to restructure management and to acquire additional office space, the ICS will increase the licence fee to \$20 in 2010 instead of the \$10 originally contemplated.

KNOW YOUR PRODUCT

In today's investment market place there are non-regulated investment products that make claims of high returns and tax advantages. At one time these investment products were only available to "sophisticated" investors; they are now available to any investor.

These investment products go by various names such as limited partnerships, individual interests, private placements etc. and are being sold as an alternative to traditional investments such as segregated or mutual

funds or other life insurance products. Many of these alternative investments claim RRSP eligibility.

Insurance agents not registered to sell mutual funds or securities and sell these non-regulated investment products may face possible misconduct charges under Council Bylaws if it is shown that the investment product was unsuitable for the client.

The recommendation of any investment product should be made with a view of the entire client portfolio, i.e. the concept of asset allocation.

The sale of investment products demands a high level of competence, knowledge, care and skill, it is critical that as an insurance agent you have proficient product knowledge. Much like knowing your client you must also know your product.

If you can not explain the investment:

- objectives,
- strategy,
- leverage,
- risks, and
- deposit guarantees associated with regulated securities; and

If you have not determined:

- the client's risk tolerance,
- the suitability of the investment for your client,
- the reputation of the manufacturer of the investment product,
- the track record of manufacturer of the investment product,
- how the rate of return is to be provided, and
- have confirmation the investment is indeed RRSP eligible,

you would be wise not to sell it.

There is much evidence in the news that show supposedly well informed investment professionals had no idea of the nature of the product they were offering their clients.

The courts and industry regulators have held those making investment recommendations to a high standard and the sanctions imposed for a regulatory violation or breach of fiduciary duty are becoming common.

It is important for licensees to be aware that if you are sued by a client to whom you sold an alternative investment product such as a limited partnership your errors and omissions insurance will not likely provide you with any coverage.

COUNCIL BULLETINS

Licensees may access all Council bulletins (All Classes, Adjuster, Travel, Warranty and Hail) from the main page of the Council website.

Past issues of all bulletins are also available on the website.

DISCIPLINARY SECTION FOR ALL LICENSEES

May 1, 2008 – May 15, 2009

Any licensee who uses information in this bulletin to discredit another licensee or any other person will be guilty of misconduct.

Aon Reed Stenhouse Inc. and Murray G. Sali

Aon Reed Stenhouse Inc. (Aon) and Murray G. Sali (M. Sali) on October 14, 2008 entered into an Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee (The Committee) of the General Insurance Council of Saskatchewan (Council) whereby, Aon and M. Sali, the designated level 3 licensee, in Saskatchewan agreed that:

1. They would pay the costs Council incurred in respect of this matter in the amount of \$6,562;
2. M. Sali for a period of one year commencing October 15, 2008 through to and including October 15, 2009 be prohibited from acting as a designated level 3 licensee or a designated person for any of Aon's offices in Saskatchewan; and
3. M. Sali on or before March 31, 2009 attend and successfully complete an ethics course approved by Council and if he fails to do so his insurance salesperson licence will be suspended until he does successfully complete an ethics course approved by Council.
4. No further disciplinary or other action would be taken against Aon or M. Sali.

This resolution arose from an acknowledgement by Aon and M. Sali that:

1. An unlicensed employee of Aon had been allowed to engage in activities on behalf of Aon that required an All Classes of insurance salesperson licence;

2. M. Sali was Aon's designated level 3 licensee and had overall management and supervision responsibilities for Aon's Saskatchewan offices;
3. M. Sali failed to exercise reasonable and prudent oversight of the employees activities after having received notice of the Council's unresolved concerns respecting the employees suitability to hold a license; and
4. The unlicensed solicitation and/or negotiation of insurance was a contravention of Section 418 of *The Saskatchewan Insurance Act*, and Council's Bylaw 8 Section 2 (g).

Trina Fay Barber and Carnduff Agencies Inc.

Trina Fay Barber (Barber) of Carnduff SK representing Carnduff Agencies Inc. on March 11, 2009 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the General Insurance Council of Saskatchewan.

Barber and Carnduff Agencies Inc., in the Agreement, acknowledged that between July 1, 2007 and July 2, 2008 Barber was permitted to act as a salesperson representing Carnduff Agencies Inc. During this period Barber did not hold an All Classes of insurance salesperson's licence.

Barber and Carnduff Agencies Inc. agreed to pay Council's investigation costs in the amount of \$400 and to each pay a fine of \$500 for the contravention of *The Saskatchewan Insurance Act* and the General Insurance Council Bylaws. The total fines and costs paid were \$1,400.

Ronald Joseph Blouin

Ronald Joseph Blouin (Blouin) of Fort Qu'Appelle, SK representing The Manufacturers Life Insurance Company on March 23, 2009 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaint and Investigation Committee of the Life Insurance Council of Saskatchewan.

Blouin, in the Agreement, acknowledged that he failed to maintain a valid policy of errors and omissions insurance and failed to immediately notify Council of the cancellation and/or non-renewal of his errors and omissions insurance policy.

Blouin agreed to accept a 30 day suspension of his licence for the period March 23, 2009 to April 22, 2009 and pay Council's investigation costs in the amount of \$200.

Richard Scott Da Silva

Richard Scott Da Silva (Da Silva) of Toronto ON representing ACE INA Life Insurance on July 16, 2008 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the Life Insurance Council of Saskatchewan.

Da Silva, in the Agreement, acknowledged that he failed to maintain a valid policy of errors and omissions insurance and failed to immediately notify Council of the cancellation and/or non-renewal of his errors and omissions insurance policy.

Da Silva agreed to accept a 30 day suspension of his licence for the period August 1, 2008 to August 30, 2008.

Bryan Edward Eppy

Bryan Edward Eppy (Eppy) of Balgonie SK representing The Great West Life Assurance Company on June 10, 2008 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the Life Insurance Council of Saskatchewan.

Eppy, in the Agreement, acknowledged that he failed to maintain a valid policy of errors and omissions insurance and failed to immediately notify Council of the cancellation and/or non-renewal of his errors and omissions insurance policy.

Eppy agreed to accept a 30 day suspension of his licence for the period July 1, 2008 to July 30, 2008.

Glen Raymond Fisher

Glen Raymond Fisher (Fisher) of Regina SK representing The Standard Life Insurance Company and the Cooperators Life Insurance Company was found to have contravened;

1. Life Insurance Council Bylaw 8 s. (1), (a) when; Fisher provided two emails to his client's lawyer, both of which contained erroneous information. He represented the clients assets included four life insurance policies on his client's life with total death benefit of \$1,025,000 and that cash values in the policies was minimal and was being used to pay premiums. Fisher was aware this was erroneous as at that time three of the four policies had lapsed and only \$25,000 worth of insurance was in place.

A second communication to the lawyer was a beneficiary list sent that indicated there were four policies on the client's life when at the time three of them had lapsed. Also one policy was inaccurately portrayed as worth \$50,000, when in fact it was worth \$25,000. Fisher was aware this was erroneous.

The Discipline Committee determined Fisher's conduct of providing inaccurate information to a lawyer, who he knew was preparing a will for his client, was disgraceful and dishonourable and clearly

harmed the standing of licensees in the insurance industry.

The Committee ordered that pursuant to Life Insurance Council Bylaw 10 s. 2:

- (a) Glen Raymond Fisher's licences be suspended for three (3) months (pursuant to Bylaw 10 s. 2(1)(b));
- (b) Glen Raymond Fisher pay to the Life Insurance Council prior to reinstatement a fine in the amount of \$2,500.00 (pursuant to Bylaw 10 s. 2(1)(c));
- (c) Glen Raymond Fisher pay to the Life Insurance Council prior to reinstatement costs in the amount of \$2,920.00 representing the costs of the investigation and Disciplinary Hearing (pursuant to Bylaw 10 s. 2(1)(d));
- (d) Glen Raymond Fisher successfully complete at his own expense and prior to reinstatement an "Ethics" course approved by the Life Insurance Council (pursuant to Bylaw 10 s. 2(1)(g)(iii)); and
- (e) Glen Raymond Fisher's licences will be suspended for three (3) months and will remain suspended until full compliance with paragraphs (b), (c) and (d) above.

2. Life Insurance Council Bylaw 8 s. (2), (c) when; Fisher provided false and misleading information on two occasions in the course of servicing his insurance business with his client. The information was the communications to the client's lawyer. Fisher's client had requested that he provide details of her insurance policies to her lawyer.

The Disciplinary Hearing Committee determined that Fisher provided false and/or misleading communications in the course of servicing Insured's insurance business.

The Committee orders that pursuant to Life Insurance Council Bylaw 10, s. 2:

- (a) Glen Raymond Fisher's licences be suspended for three (3) months (pursuant to Bylaw 10 s. 2(1)(b));
- (b) Glen Raymond Fisher pay to the Life Insurance Council prior to reinstatement a fine in the amount of \$2,500.00 (pursuant to Bylaw 10 s. 2(1)(c));
- (c) Glen Raymond Fisher pay to the Life Insurance Council prior to reinstatement costs in the amount of \$2,920.00 representing the costs of the investigation and Disciplinary Hearing (pursuant to Bylaw 10 s. 2(1)(d));

- (d) Glen Raymond Fisher successfully complete at his own expense and prior to reinstatement an "Ethics" course approved by the Life Insurance Council (pursuant to Bylaw 10 s. 2(1)(g)(iii)); and
- (e) Glen Raymond Fisher's licences will be suspended for three (3) months and will remain suspended until full compliance with paragraphs (b), (c) and (d) above.

The suspensions imposed in charge 1 and 2 are to run concurrently and successful completion of one Ethics course is sufficient to satisfy both decisions.

The fines totaled \$5,000 and costs totaled \$5,840.

Fisher's licence(s) were suspended April 24, 2009.

Harry Douglas Homenick and H. Douglas Homenick Insurance Agency Ltd.

H. Douglas Homenick Insurance Agency Ltd. and Harry Douglas Homenick of Winnipeg MB representing The Manufacturers Life Insurance Company on November 4, 2008 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the Life Insurance Council of Saskatchewan.

H. Douglas Homenick Insurance Agency Ltd. and Harry Douglas Homenick, in the Agreement, acknowledged they failed to notify Council within 30 days of regulatory proceedings that were initiated against them by the Manitoba Insurance Council, and they failed to disclose on their annual licence report(s) to Council the regulatory proceedings or penalty imposed upon them by the Manitoba Insurance Council.

H. Douglas Homenick Insurance Agency Ltd. and Harry Douglas Homenick agreed to pay Council's investigation costs in the amount of \$300 and to pay a fine of \$250 for each failure to disclose the regulatory proceedings against them. The total fine to be paid was \$500.

Lance James Emil LaCroix

Lance James Emil LaCroix (LaCroix) of Wakaw SK representing The Canada Life Assurance Company of Canada on January 30, 2009 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the Life Insurance Council of Saskatchewan.

LaCroix, in the Agreement, acknowledged that he on two separate occasions failed to maintain a valid policy of errors and omissions insurance and failed to immediately notify Council of the cancellation and/or non-renewal of his errors and omissions insurance policy.

LaCroix agreed to accept a 90 day suspension of his licence for the period January 30, 2009 to April 30, 2009

and pay Council's investigation costs in the amount of \$400.

Robert Bruce McFadyen

Robert Bruce McFadyen (McFadyen) of Waseca SK representing McFadyen & Sons Agencies Ltd. on August 29, 2008 entered into an Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the General Insurance Council of Saskatchewan (Council) whereby McFadyen agreed that:

1. His All Classes of insurance licence would be cancelled for a period of 2 years; and
2. He would, if he sought to be licensed after the 2 year cancellation period, need to:
 - a) Qualify for a level 1 licence by successfully completing one of the licensing requirements set out in the Council Bylaws;
 - b) Attend and successfully complete an ethics course approved by Council; and
 - c) Pay the costs of the investigation in the amount of \$400.

McFadyen in the Agreement acknowledged that he:

1. Altered inspection dates on two Breeding Soundness Evaluation forms (the forms) that were prepared by the insured's veterinarian;
2. The forms needed to be dated less than 30 days prior to the application for insurance. In one case the form was prepared on February 27, 2008 and was re dated to April 27, 2008. In the second case the form was prepared on March 31, 2008 and was re dated to June 20, 2008;
3. By submitting the fraudulently altered forms had there been a claim the insurance company could have denied the coverage; and
4. That he had acted alone and that neither McFadyen & Sons Agencies Ltd. nor any other person employed by the agency assisted him or was aware of his altering the forms.

Kenneth Lorne Percival

Kenneth Lorne Percival (Percival) of Deloraine MB representing Co-operative Hail Insurance Company, on March 4, 2009 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the Hail Insurance Council of Saskatchewan.

Percival, in the Agreement, acknowledged that he allowed his Saskatchewan Hail Adjuster licence to lapse on July 2, 2008 and while it was lapsed, adjusted 17 hail insurance claims.

Percival agreed to pay a fine in the amount of \$162 and pay Council's investigation costs in the amount of \$220.

Kevin Richard Scott Peyson

Kevin Richard Scott Peyson (Peyson) of Regina SK representing RBC Life Insurance Company on November 19, 2008 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the Life Insurance Council of Saskatchewan.

Peyson, in the Agreement, acknowledged that he failed to maintain a valid policy of errors and omissions insurance and failed to immediately notify Council of the cancellation and/or non-renewal of his errors and omissions insurance policy.

Peyson agreed to accept a fine in lieu of a licence suspension. The fine he paid was in the amount of \$1,200 and was based on \$200 for each week that he had failed to maintain his errors and omissions insurance.

Robert Wayne Pyne

Robert Wayne Pyne (Pyne) of Regina SK representing AIG Life Insurance Company of Canada on August 27, 2008 entered into a Consensual Agreement and Undertaking (The Agreement) with the Complaints and Investigation Committee of the Life Insurance Council of Saskatchewan.

Pyne, in the Agreement, acknowledged that he on two separate occasions failed to maintain a valid policy of errors and omissions insurance and failed to immediately notify Council of the cancellation and/or non-renewal of his errors and omissions insurance policy.

Pyne agreed to accept a 2 month suspension of his licence for the period September 1, 2008 to November 1, 2008 and pay Council's investigation costs in the amount of \$400.

CONTACT SECTION

Council Staff

Ernie Gaschler	Executive Director
Penny Barlow	Licensing/Compliance Assistant
Annette Graff	Manger of Licensing
Diane Lindsay	Licensing/Continuing Education Coordinator
April Stadnek	Compliance Officer
Cindy Swales	Licensing
John Waugh	Director of Compliance

Contact Information

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www.skcouncil.sk.ca

Council Members

The names of the Council members may be obtained from the web site at the following addresses:

Life Council

www.skcouncil.sk.ca/life_council.htm

EXAM AND STUDY MATERIAL SECTION

Ingried Stroeder, Examination Coordinator

Exam scheduling 306.525.5900

www.ibas.sk.ca