

## **Consensual Agreement and Undertaking**

**Between**

**The Complaints and Investigation Committee  
of  
The General Insurance Council of Saskatchewan  
(the Committee)  
and**

**LoyaltyOne Travel Services Co.**

The Committee is authorized under Bylaw 7, Section 5, subsection 3, subparagraph (b), to enter into consensual resolutions of complaints.

Bylaw 5, Section 1, subsection 1 reads: The administrator shall, in addition to the requirements for the contents of a register required by The Saskatchewan Insurance Act (the Act) and the regulations, record on the register the existence and results of all disciplinary decisions or orders, court orders, alternative dispute resolution agreements, undertakings and mediation agreements involving a licensee or a person to whom the General Insurance Council of Saskatchewan (Council) has the authority to issue a licence. Disciplinary actions as described are reported on the Insurance Councils of Saskatchewan website and the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database.

### **LoyaltyOne Travel Services Co. (LoyaltyOne) acknowledges and agrees that:**

1. It violated Council Bylaws when:
  - A. Contrary to Bylaw 8, Section 1 (a) it:
    - i. Acted contrary to the best interests of the consumer or licencees or insurance companies by allowing unlicensed salespersons to transact in insurance.
  - B. Contrary to Bylaw 8, section 2 (g) it violated provisions of the Act, the regulations or the bylaws when it:
    - i. Acted contrary to Section 418 of the Act, when it appointed, permitted or authorized approximately one hundred and fifty persons to do any of the things

in respect of which a licence is required, and the persons were not the holder of a subsisting licence.

- ii. Acted contrary to Section 435 of the Act, when it failed to notify Council within the prescribed five day period that individuals licenced with LoyaltyOne were no longer transacting business for LoyaltyOne.
- iii. Acted contrary to Section 444 of the Act, when it compensated approximately one hundred and fifty unlicensed individuals for acting as an agent while they did not hold an active insurance licence.

C. Contrary to Bylaw 8, Section 2 (p) it:

- i. Failed to maintain proper records, when it:
  - Did not accurately identify to the Committee when required to do so the legal names of those listed on their database that were licenced with Council.
  - Did not ensure individuals had completed qualifying exams and received licences with Council prior to allowing them to act as Agents in Saskatchewan.
  - Did not notify Council on at least fifty-four occasions between the period of October 1, 2012 – January 6, 2016 that a licensee no longer represented LoyaltyOne.

D. Contrary to Bylaw 8, Section 2 (q) it:

- i. Failed to follow sound business practices:
  - When it paid compensation to unlicensed individuals
  - When it appointed an unlicensed and/or unqualified individual be the Designated Representative (DR) for LoyaltyOne

E. Contrary to Bylaw 8, Section 2 (r) it:

- i. Failed to exercise reasonable and prudent oversight when acting in a supervisory capacity:
  - It continued to violate Section 435 of the Act despite confirmation on at least four occasions that it understood its obligations as a licensee.
  - Did not ensure individuals acting as an Agent for LoyaltyOne were qualified and properly vetted through Council's licencing regime.

3. LoyaltyOne's rights to appear before a Discipline Committee of Council have been explained to it and it fully understands its rights and/or obligations under Council Bylaw 10;
4. It waives its rights to appear before a Discipline Committee and undertakes not to exercise any appeal rights it may have under Council Bylaw 10, Section 3 or *The Act*, as it relates to matters set out in this Consensual Agreement and Undertaking (Agreement).
5. This Agreement does not preclude Council from pursuing any future investigation against LoyaltyOne for future activities not identified in this Agreement that may be in violation of Council Bylaws or *the Act*.
6. LoyaltyOne has been advised by the Committee that it is in its interests to obtain independent legal advice before entering into this Agreement.
  - a. LoyaltyOne has obtained such independent legal advice and is satisfied with the same, prior to executing this Agreement.
7. LoyaltyOne hereby affirms that they have read and understood the terms of this Agreement, and they are signing it voluntarily and of their own free will.

**LoyaltyOne, having waived its rights, undertakes to:**

1. Pay a fine in the amount of \$15,000.00; and
2. Reimburse Council's investigation costs in the amount of \$6,600.00
3. Pay all fines and investigative costs within 30 days of receipt of this Agreement

**The Committee's Agreement:**

1. The Committee agrees to accept from LoyaltyOne the payment of \$21,600.00 as full and final resolution of its violation of Council's Bylaws as outlined in this Agreement; and
2. The Committee further agrees to take no further action against LoyaltyOne for the acknowledged violations of Council's Bylaws that are set out in this Agreement.

Dated at Mississauga, in the Province of Ontario, this 21st day of September, 2016.

*Originally Signed by*

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**Sharmane Good for LoyaltyOne Travel Services Co.**

Dated at Moosomin, in the Province of Saskatchewan, this 11th day of October, 2016.

*Originally Signed by*

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**Darryl McKay, Chair, Complaints and Investigation Committee  
General Insurance Council of Saskatchewan**