

Council Report

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December
2011

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VISIT OUR WEBSITE!

Access information on licensing requirements, application forms,
important notices, news and much more!

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A FULL LIST OF ICM STAFF AND THEIR POSITIONS IS LOCATED ON THE ICM WEBSITE

How can we help you?

If there are any issues or questions that you would like to see addressed in this Council Report, please write or email us at:

contactus@icm.mb.ca

ICM Staff Changes

The ICM is pleased to welcome new staff members to its team



Colleen Davey joins the ICM in the position of Receptionist with considerable experience and background in various industries, including a support role in the insurance adjusting industry.



Jessica Haywood has joined ICM in the position of Licensing Clerk. Jessica is a Business Administration Graduate and has extensive experience in customer service.



Lee Roth has joined the ICM as an Investigator. Lee has a Bachelor of Arts, Master of Arts, and has obtained his Certified Financial Planner (CFP) designation. Lee also has experience as a licensed life and A&S agent and as a professional private investigator.

Council Member News

Congratulations to Nelson Hoe on his appointment as Chairperson of the Life Insurance Council, and to Nancy Streuber on her appointment as Vice-Chairperson of the Life Insurance Council.

The Life Insurance Council of Manitoba wishes to thank Donna Winstone for her adept and professional leadership as Chairperson over the last two years, and her continued commitment as a member of the Council.

The Life Council bid farewell to Joan Miles who completed her second and final term with ICM on October 18, 2011. In addition to contributing as a member of the Life Council as a consumer representative, Joan also chaired a committee to review continuing education requirements and served on a committee to consider ISI. Joan's consideration and attention to issues of concern to Council extended well beyond the confines of regular meetings, and she will be missed by all.

Incidental Sale of Insurance - Proposed Regulatory Framework

In September 2010 a joint committee of the Life and General Insurance Councils of Manitoba was formed to consider the level of regulation that is appropriate for intermediaries involved in the sale of incidental insurance products. This Committee was chaired by Paul Brett of the Life Insurance Council of Manitoba and included Nelson Hoe, Joan Miles, Emmie Joaquin, Nancy Streuber, Cheryl Madden, Janine Oliver and Keith Jordan.

The Committee conducted extensive review of existing regimes in Alberta and Saskatchewan, considered comments from stakeholders through both written and in person submissions, and met frequently to consider the many relevant issues.

The Insurance Council of Manitoba wishes to thank the members of the ISI Committee for their dedicated service to this initiative, and to all stakeholders who submitted their comments and met with the Committee.

Recommendations of the Committee have been forwarded to the Government. Pending approval of the high level recommendations, the ICM will be working to ensure a proper implementation strategy and develop an effective administrative support system. The proposed framework appears on the Council website at www.icm.mb.ca.

Supervision of Life Agents

In Manitoba, all life insurance agents must be supervised for the first year in which they are licensed. To be eligible to act as a Supervising Agent, an individual must have held a valid life insurance agent licence for at least three consecutive years and must be currently licensed in Manitoba.

The duties of a Supervising Agent include but are not limited to:

- Reviewing all insurance related material used or prepared by the agent under his or her supervision
- Ensuring that the insurance being applied for is appropriate to the needs and circumstances for each applicant/insured
- Overseeing all duties that the agent performs
- Compliance with the Licensing Rules

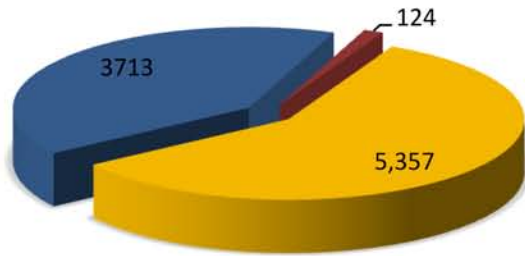
The Licensing Rules (Section 9) outline specific requirements for Supervising Agents including:

- Reviewing all applications for insurance completed by the agent under his or her supervision and ensuring a needs analysis is completed
- Ensuring that the LIRD and written comparative analysis is completed when replacement of life insurance is intended or contemplated
- Co-signing the needs analysis and comparative documentation (LIRD and written comparative analysis)

In a replacement scenario, the Supervising Agent accepts responsibility for the LIRD and written comparative analysis as if he or she had completed them.

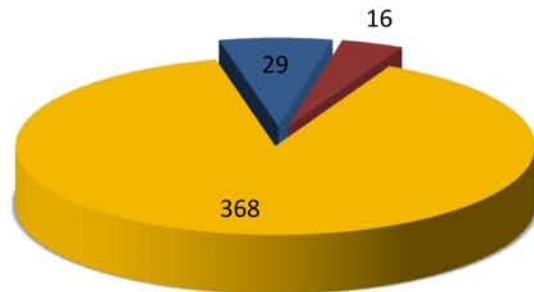
Statistics as of March 31, 2011

Total Active Licenses - 9,194

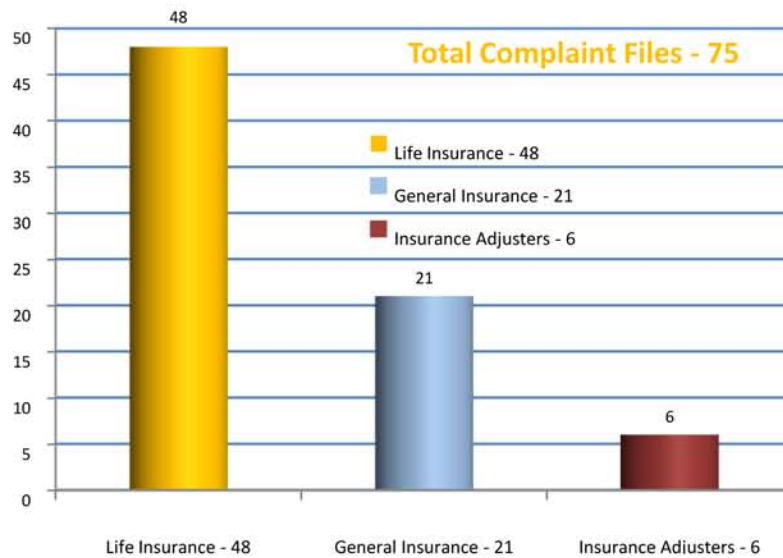


- Life Insurance - 5,357
- General Insurance - 3,713
- Insurance Adjusters - 124

Total Examinations - 413



- Life Insurance (Life & A&S) - 368
- General Insurance - 29
- Insurance Adjusters - 16



Working with your Insurance Adjuster - Brochure

In the fall of 2010 the Insurance Adjusters Council of Manitoba produced a brochure entitled "Working with Your Insurance Adjuster" which provides consumers with essential information when working with an insurance adjuster. The brochure clarifies the role of an independent adjuster, addresses common questions asked of adjusters during the course of an insurance claim, and provides a record for the consumer of important contact information. The Insurance Adjusters Council of Manitoba wishes to thank the committee Chairperson Fred Dixon and members Jim Magnan and Shelly Werner for the development of this brochure.

A copy of this brochure is located on the ICM website in the "Consumer Corner" section. Licensed adjusters may request up to 25 copies free of charge from the ICM office.

Fees - Amendments to Licence

Amendments to a licence require administrative review and handling, and this review is no less labour intensive during the busy renewal season. All material changes to a licence, including holding out issues involving name changes, must be reported to the ICM within 15 days. The fee for an amendment to a licence is \$70.00, and this fee is required regardless of whether the change occurs during the renewal period or at any other time during the licensing year. Address changes and contact information (email, telephone, etc.) will be made without charge.

Failure to have Liability Insurance

All licence holders are reminded that it is an offense to carry on the activities of an insurance agent or adjuster while he or she is not insured under a policy of liability insurance that meets the requirements of the Insurance Agents and Adjusters Regulation 389/87. The requirements for liability coverage (errors and omissions) are also located on the ICM website.

Licenses whose liability insurance lapses or is cancelled must notify the Insurance Council of Manitoba immediately.

New Licence Management System - Phase 1

In February, 2011 the ICM released Phase I of its new Licence Management System (LMS). This has been a significant project and required considerable financial and staff resources. Phase I encompasses the process and management of the ICM licensing function, represents improvements to efficiencies and technical and business risks, and provides a foundation for future expanded web based functions. Phase II, which is currently in process, will improve and enhance reporting capabilities. Continued refinement of this major undertaking is expected in the coming year.

Unlicensed Activity - Auto Broker Only

Performing Autopac transactions while enrolled in the Auto Broker Technical Course, and until the student has been issued a valid insurance agent's licence by the Insurance Council of Manitoba upon completion of the course, is prohibited.

Autopac transactions may **only** be completed by a licensed agent under the licensed agent's authorized MPI code. The practical, supervised, shadowing training under Phase II of the Auto Broker Technical Course or prior to the student receiving an agent's licence, requires the supervising agent to perform the Autopac transaction (the sale and customer service of the product) with the student participating as an observer. Any practice keyboarding activity by the student during an Autopac transaction must be in the presence of the licensed supervising agent, at the direction of the licensed agent, and subject to the licensed agent's responsibility.

MPI codes are provided to unlicensed individuals for access to training materials only and not for the student to transact Autopac for practice or otherwise.

Transactions for customers can be performed only when the individual has met the licensing qualifications and been granted a valid agent's licence. To act as an agent without first being licensed is a violation of *The Insurance Act* of Manitoba and the General Insurance Agent Code of Conduct. Disciplinary action will be taken against the designated representative of the agency permitting this activity.

Continuing Education On-line Reporting Module

Council would like to extend our thanks to those agents, brokers and adjusters who utilized the continuing education on-line module to report their credit hours this past renewal. Overall, the online reporting has increased significantly and Council is happy with the outcome.

Council continues to encourage all licensees to enter all completed credit hours online immediately upon the course completion. By reporting your credit hours on-line, you may avoid delays in the renewal of your licence and being included in the random audit process.

To report your credit hours online, please go to Council's website www.icm.mb.ca and click on the "Continuing Education Info" link to log on to the Online Reporting module and follow the instructions available online. Your web User ID is located on the top right-hand corner of your licence (the first set of numbers following the letter). If you have forgotten your password, click "Forgot Password". A temporary password will be sent to your email that has been filed with Council. Once you log in with the temporary password and change it to a permanent password, select "Cont. Ed." from the left menu and "Report CE Courses" to report your continuing education credit hours.

If any questions should arise during this process, please contact the Council office at contactus@icm.mb.ca.

Disciplinary Actions

Kyle Keden Sanchez

Council determined that this individual was unsuitable to hold a Life Insurance Agent's Licence, as per Section 375(1)(a) and (e) of *The Insurance Act* of Manitoba.

Matthew Neufeld

Agent was assessed partial investigation costs in the amount of \$250.00 and his licence was suspended for two weeks. Council determined this General Insurance Agent had violated Section 375 (1)(a) and (e) of *The Insurance Act* of Manitoba and Section 1 - Integrity, Section 2 - Competence and Section 3 - Quality of Service of the General Insurance Agent Code of Conduct by conveying ownership of property without documentation.

Loyd Wilson

Agent fined \$500.00 and assessed partial investigation costs in the amount of \$250.00 in violation of *The Insurance Act* of Manitoba Section 375 (1)(e), and the General Insurance Agent Code of Conduct Section 1- Integrity, Section 2 - Competence, Section 3 - Quality of Service, Section 4 - Advising Clients and Section 5 - Confidentiality in the placement of a policy for a new homeowner.

Darcy Whitbread

Council determined that this former agent was unsuitable to hold a General Insurance Agent's Licence, in violation of Section 375(1)(a),(b), and (e) of *The Insurance Act* of Manitoba, and the General Insurance Agent Code of Conduct Section 1 - Integrity.

Asher Lavallee

Council determined that this individual was unsuitable to hold a Life Insurance Agent's Licence, Pursuant to Sections 375 (1)(e) and 375 (1.1) of *The Insurance Act* of Manitoba.

One Insurance Group Ltd.

Agency fined \$1,000.00 and assessed partial investigation costs in the amount of \$500.00 for allowing an unlicensed individual to transact insurance business in contravention of *The Insurance Act* of Manitoba, Section 369 (1) and the General Insurance Agent Code of Conduct Section 9 - Unauthorized Practice of the Profession.

Larry Billows

Agent fined \$1,000.00 and assessed partial investigation costs of \$500.00 in violation of *The Insurance Act* of Manitoba Section 375 (1)(e) and the General Insurance Agent Code of Conduct Section 8 - Maintain Integrity of the Profession, Section 9 - Unauthorized Practice of the Profession, and Section 11 - Safekeeping and Preserving of Property and File Records.

Patrick Sean O'Leary

Council determined that this former agent was unsuitable to hold a Life Insurance Agent's Licence, in violation of Section 17, and Section 375(1)(a) and (e) of *The Insurance Act* of Manitoba, and the Life Insurance Agent Code of Conduct Section 1 - Interests of the Client, Section 4 - Professionalism, Section 6 - Conflicts of Interest and Section 9 - Dealing with the Insurance Council of Manitoba.

Disciplinary Actions

Fraulien (Lyn) Francisco

Council determined that this former agent was unsuitable to hold a General Insurance Agent's Licence, in violation of Section 375(1)(a),(b) and (e) of *The Insurance Act* of Manitoba, and the General Insurance Agent Code of Conduct Section 1 - Integrity (d), and Section 11 - Safekeeping and Preserving of Property and File Records.

Calum Rodger

Council determined that this former agent was unsuitable to hold a General Insurance Agent's Licence, in violation of Section 375(1)(a) and (e) of *The Insurance Act* of Manitoba, and the General Insurance Agent Code of Conduct Section 1 - Integrity.

Vincent Reidy

Agent fined \$1,500.00 and assessed partial investigation costs of \$1,000.00 in violation of *The Insurance Act* of Manitoba Section 375 (1)(f), by failing to obtain continuing education credits as a requirement for licensing, and the General Insurance Agent Code of Conduct Section 3 - Quality of Service and Section 4 - Advising Clients in the manner of replacing coverage mid-term. This matter was appealed to the Insurance Agents' and Adjusters' Licensing Appeal Board which upheld the decision of the Insurance Council and assessed additional costs of \$500.00.

Preetinder Chawla

Agent fined \$2,000.00 and assessed partial investigation costs of \$1,000.00 in violation of *The Insurance Act* of Manitoba Section 113 (1) unfair or deceptive acts or practices in the replacement of life insurance policies, Life Insurance and Accident and Sickness Agent's

Code of Conduct (pre March 18, 2009) Section 1 - Priority of Policyowner Interests, Section 3 - Misrepresentation and Section 6 - Replacement; and Life Insurance and Accident and Sickness Agent's Code of Conduct (March 18, 2009) Section 1 - Interests of the Client, Section 2 - Needs of the Client, Section 4 - Professionalism, Section 5 - Confidentiality and Section 7 - General Information Disclosure and Documentation.

Rene Gougeon

Agent fined \$2,500.00 and assessed partial investigation costs of \$2,500.00 in violation of *The Insurance Act* of Manitoba Section 375 (1) and the General Insurance Agent Code of Conduct Section 1 - Integrity, Section 2 - Competence, Section 3 - Quality of Service, Section 4 - Advising Clients, Section 7 - Manner of Service, Section 10 - Conduct Towards Others and Section 11 - Safekeeping and Preserving of Property and File Records. In addition, the agent was required to have direct supervision by a supervisor acceptable to Council as a requirement of licensing, and to enroll and complete CAIB I and a Professional Liability (E&O) program.

Gary Tapia

Agent fined \$250.00 and assessed partial investigation costs of \$250.00 in the replacement of insurance in violation of *The Insurance Act* of Manitoba Sections 113 (1) and (2), and 375 (1), and the Life Insurance and Accident and Sickness Agent's Code of Conduct Section 1 - Interests of the Client, Section 2 - Needs of the Client and Section 7 - General Information Disclosure and Documentation.

Disciplinary Actions

Sheila Murphy

Agent fined \$500.00, assessed partial investigation costs in the amount of \$250.00, and had her licence suspended for failure to meet continuing education credits requirement and failure to respond to Council's requests in violation of *The Insurance Act* of Manitoba Sections 17 and 375 (1), Life Insurance Agents and Accident and Sickness Insurance Agents Licensing Rules Section 13 (1) and (2), and Life Insurance and Accident and Sickness Agent's Code of Conduct Section 1 - Integrity.

Oai Tat

Agent fined \$2,500.00, assessed partial investigation costs in the amount of \$1,250.00, and had his licence suspended for four weeks for unlicensed activity and using a front in the sale of insurance in violation of *The Insurance Act* of Manitoba Section 369 - Not to act without licence, Section 375, Section 378 (2) - No commission if not a holder and Section 391 - Holding out, and Life Insurance and Accident and Sickness Agent's Code of Conduct Section 1 - Priority of Policyowner Interests, Section 2 - Confidential Information, Section 3 - Misrepresentation and Section 10 - Good Faith and Compliance with Law.

Henry Tat

Agent fined \$2,500.00, assessed partial investigation costs in the amount of \$1,250.00, and his licence was suspended for four weeks for fronting an unlicensed agent in violation of *The Insurance Act* of Manitoba Sections 375 and 378 (1) - May not offer compensation to prospect, and Life Insurance and Accident and Sickness Agent's Code of Conduct Section 1 - Priority of Policyowner Interests, Section 2 - Confidential Information, Section 3 - Misrepresentation, Section 5 - Sharing of Compensation and Section 10 - Good Faith and Compliance with Law.

Ravi Verma

Agent fined \$250.00 and assessed partial investigation costs in the amount of \$250.00 for violations of *The Insurance Act* of Manitoba Section 113 (1) unfair or deceptive acts or practices in the business of insurance, Life Insurance Agents and Accident and Sickness Insurance Agents Licensing Rules Section 8 - Restrictions on transactions by new agents, and Life Insurance and Accident and Sickness Agent's Code of Conduct Section 1 - Interests of the Client and Section 2 - Needs of the Client.

Nardia McKoy

Agent fined \$250.00 and assessed partial investigation costs in the amount of \$250.00 for violations of *The Insurance Act* of Manitoba Section 113 (1) unfair or deceptive acts or practices in the business of insurance, Life Insurance Agents and Accident and Sickness Insurance Agents Licensing Rules Section 9(1)- Supervising agent's responsibilities in certain cases, and Life Insurance and Accident and Sickness Agent's Code of Conduct Section 1 - Interests of the Client, Section 2 - Needs of the Client and Section 7 - General Information Disclosure and Documentation.

Adam Clements

Adjuster fined \$750.00, assessed partial investigation costs in the amount of \$750.00, and required to complete *Essentials of Loss Adjusting* course, for violations of the Insurance Adjusters Code of Conduct Section 2 - Competence, Section 3 - Quality of Service and Section 4 - Advising Clients.

Disciplinary Actions

LNJ Services Inc. o/a Ranger Insurance Brokers

Agency fined \$500.00 and assessed partial investigation costs in the amount of \$250.00 for allowing an unlicensed individual to transact insurance business in contravention of *The Insurance Act* of Manitoba, Section 369(1) and the General Insurance Agent Code of Conduct Section 9 – Unauthorized Practice of the Profession.

Pierrette Fournier

Agent fined \$1,500.00 and assessed partial investigation costs of \$750.00 in violation of *The Insurance Act* of Manitoba Section 113(1) unfair or deceptive acts or practices in the replacement of life insurance policies, subsections c, d, and e; and the Life Insurance and Accident and Sickness Agent's Code of Conduct: Section 1 – Interests of the Client, Section 2 – Needs of the Client, and Section 7 – General Information Disclosure and Documentation.

Tibor Simon

Agent fined \$250.00 and assessed partial investigation costs of \$250.00 in violation of *The Insurance Act* of Manitoba Section 370 (3.1)(2) for failure as an insurer authorized appointee to perform reasonable screening procedures to determine if an applicant is suitable for a licence prior to recommending an applicant. In addition agent was found to be in violation of Section 17 of The Act and Section 9 of the Life Insurance and Accident and Sickness Agent's Code of Conduct – Dealings with the Insurance Council of Manitoba. The ability to act as an authorized appointee for the insurer was revoked.

Doris Bruneau

Agent fined \$1,500.00 and assessed partial investigation costs of \$750.00 in violation of *The Insurance Act* of Manitoba Section 113(1) unfair or deceptive acts or practices in the replacement of life insurance policies, subsections c, d, and e; and the Life Insurance and Accident and Sickness Agent's Code of Conduct: Section 1 – Interests of the Client, Section 2 – Needs of the Client, and Section 7 – General Information Disclosure and Documentation.

Warning!

The use of any information in the Council Report to discredit another licensee, or any other person is not permitted and may result in disciplinary action against a licensee using the information in such a manner.



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