Bulletin

No. G-11/92

- General

Hearings and Prosecutions-Second Quarter 1992

PROSECUTIONS

There was one agent prosecution and two company prosecutions in this past quarter. These were disposed of as follows:

Charges:	**Failure to comply with a licence condition and failure to comply with an undertaking given to the Superintendent of Insurance**
Against:	**Pafco Insurance Company Limited**
Verdict:	**Guilty**

Pafco Insurance Company Limited pleaded guilty in provincial court on April 7, 1992 to one charge of exceeding premium volumes permitted by its licence and one charge of failure to comply with an undertaking given to the Superintendent of Insurance concerning the production of financial statements contrary to the Insurance Act, section 447. The company was fined $10,000.

Charges:	**Failure to comply with licence conditions (two charges)**

Against: **York Fire & Casualty Insurance Company**

Verdict: **Guilty**

York Fire & Casualty Insurance Company pleaded guilty in provincial court on May 12, 1992 to two charges of exceeding premium volumes permitted by its licence, contrary to the Insurance Act, section 447. The company was fined $15,000.

Charges: **Furnishing false information and acting as an insurance agent without required licence**

Against: **Terrance M. Loftus (Red Lake) sponsored by The Mutual Life Assurance Company of Canada**

Verdict: **Guilty**

Terrance Loftus pleaded guilty in provincial court on June 9, 1992 to charges of furnishing false information to the Ontario Insurance Commission in his application for a life insurance agent's licence, and to acting as an insurance agent without a licence. Mr. Loftus failed to disclose a 1986 conviction for mischief to property, a 1990 conviction for impaired driving, and a 1990 conviction of assault causing bodily harm. He had been selling insurance in Ontario and receiving commissions while licensed only in Manitoba. He was fined $200 for each offence and given six months to pay in light of his financial difficulties. Mr. Loftus' sponsor withdrew support and his licence application was declined.

CEASE AND DESIST ORDER

An order was made on June 4, 1992 against Owner-Operators Mutual Co-operative Inc. to cease operating as an insurer without a licence. The company was providing insurance to its members for damage to their trucks.

HEARINGS

An advisory board assists the Superintendent of Insurance in determining the granting or refusal of a new licence or the possible revocation or suspension of an existing licence. The board considers evidence presented by the applicant or agent as well as that put forward by counsel for the Commission.

Three hearings were scheduled this past quarter. The cases were disposed of as follows:

Adjuster:	**Stanley A. Brown (Mississauga)**
Advisory board hearing:	**April 9, 1992**
Superintendent's decision:	**Licence revoked**

Stanley Brown's licence was revoked on May 26, 1992 by the Superintendent of Insurance. His suitability was questioned following allegations he had misappropriated funds for his own use from the proceeds of salvaged jewellery. He had been previously suspended for two months in August of 1991, but violated that suspension by continuing to carry on the duties of a licensed adjuster. The panel's recommendation stated he put his own interests above those of his clients and had misappropriated funds.

Life agent:	**Francis D. Barter (Ottawa) sponsored by Metropolitan Life Insurance Company of Canada**
Advisory board hearing:	**April 13 and 14, 1992**
Superintendent's decision:	**Licence suspended (three months)**

The Superintendent has suspended Francis Barter's licence for a three-month period ending September 15, 1992. His suitability was questioned following allegations of misappropriation of clients' funds and acting as an unlicensed agent in another province while a sponsored Ontario agent of the Great-West Life Assurance Company. On June 5, 1992 the Superintendent accepted the advisory board's report recommending a three-month suspension. The panel's recommendation was based on Mr. Barter's attempt to cover up certain actions, the fact that he provided some misleading information during the course of the investigation, and that he had knowingly sold life insurance in another province while unlicensed.

Life agent applicant:	**Dwayne C. Poster (Kaministiquia) sponsored by Primerica Life Insurance Company of Canada**
Advisory board hearing:	**April 27, 1992**
Superintendent's decision:	**Application refused**

Dwayne Poster's licence application was refused by the Superintendent on May 26, 1992. His suitability to hold a licence was questioned because he failed to disclose a pending criminal charge for sexual assault for which he later pleaded guilty. The panel also questioned Mr. Poster's credibility because he was involved in the insurance business without compensation for a year, but submitted his application after his second court appearance and before his trial date. The panel felt his failure to disclose his pending criminal charge was a deliberate attempt to mislead the Commission.

Donald C. Scott

Commissioner

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