Bulletin

No. G-13/93

- General

Hearings and Prosecutions Second Quarter 1993

Cease and Desist Orders

There were two cease and desist orders this past quarter.

Croatia Insurance Company Ltd. of Zagreb, Croatia, was ordered to stop operating in Ontario without a licence on June 4, 1993.

The For Croation Agency Inc. of Toronto was ordered to stop doing business as an unlicensed insurance agent and to stop representing the Croatia Insurance Company Ltd.

Prosecutions

There were five agent and four company prosecutions this past quarter. In one case, the agent was found not guilty. The remaining cases were disposed of as follows:

Charge: Filing 1992 annual rate return late

Against: The Orion Insurance Company PLC

Verdict: Guilty

The Orion Insurance Company PLC pleaded guilty in provincial court on June 22, 1993, to filing its 1992 annual statement late, contrary to Revised Regulation of Ontario, 1990, Regulation 691. This is the company's third conviction in the past four years. The fine was $16,000.

Charge: Filing 1992 annual return late

Against: 1) Aviation & General Insurance Company Limited

2) Security Insurance Company of Hartford

3) The Canadian Surety Company

Verdict: Guilty

These three companies pleaded guilty in provincial court on June 22, 1993, to filing their 1992 annual statements late, contrary to R.R.O., 1990, Regulation 691. Each was fined $7,500.

Charge: Filing 1992 annual return late

Against: Alta Surety Company

Verdict: Guilty

Alta Surety Company pleaded guilty in provincial court on June 22, 1993, to filing its 1992 annual statement late, contrary to R.R.O., 1990, Regulation 691. The company was fined $5,000.

AFLAC Insurance Company of Canada pleaded guilty in provincial court on April 27, 1993, to paying commissions to an unlicensed person. The company was fined $5,000.

The agent, Raymond J. Sikkema of St. Catharines, pleaded guilty in provincial court on June 25, 1993, to acting as an insurance agent without a licence. Although his licence had not been renewed, he sold insurance and received commissions between October 1990 and September 1991. He was fined $605. Mr. Sikkema has now renewed his licence.

Charge: Providing false and misleading information to clients

Against: Charles J. Suggett (Caledonia) formerly sponsored by Imperial Life Assurance Company of Canada

Verdict: Guilty

Charles Suggett pleaded guilty in provincial court on June 16, 1993, to providing false and misleading information to three clients about life insurance. Mr. Suggett convinced clients to cash in old policies and buy new policies with Manufacturers Life Insurance, but he didn't provide the right information about the policies and costs. He was fined $2,000. Mr. Suggett is not currently licensed.

Charge: Furnishing false information

Against: Richard C. Machacek (Toronto) formerly sponsored by Heritage General Insurance Company

Verdict: Guilty

Richard Machacek pleaded guilty in provincial court on June 30, 1993, to providing false information to the Ontario Insurance Commission in his application for an accident and sickness insurance agent's licence. Mr. Machacek disclosed a 1989 conviction for impaired driving but failed to disclose seven other convictions for a variety of offenses between 1983 to 1988. He was fined $500. Mr. Machacek's sponsor withdrew support and his licence application was withdrawn.

Charge: Furnishing false information

Against: Timothy G. Roffey (Oshawa) formerly sponsored by The Prudential Assurance Company Limited

Verdict: Guilty

Timothy Roffey pleaded guilty in provincial court on June 30, 1993, to providing false information to the Ontario Insurance Commission in his application for a life insurance agent's licence. Mr. Roffey didn't reveal that he was found guilty of fraud and breaking and entering twice between 1979 and 1982; and has three convictions, including one for possession of stolen property, in 1985 and 1986. He was fined $750. Mr. Roffey's sponsor withdrew support and his licence application was withdrawn.

Hearings

An advisory board helps the Superintendent of Insurance to determine whether to grant or refuse a new licence or to revoke or suspend an existing licence. The board considers evidence presented by both the applicant or agent and by counsel for the Commission.

Three hearings took place this past quarter. In one case the board recommended in favour of the applicant and another is being appealed. The remaining case was disposed of as follows:

Superintendent's Order:	**Leslie P. Jacobs, Strategic Insurance Agency Inc. (Willowdale), formerly sponsored by The Prudential of America Life Insurance Company**
Date:	**April 20, 1993**

On December 24, 1992, the Superintendent issued an Interim Cease and Desist Order prohibiting Mr. Jacobs from acting as a life agent until an Advisory Board hearing could be held to consider revoking his licence. Mr. Jacobs had forged the signatures of a number of his clients on loan applications and had converted more than $60,000 for his own use. Prudential of America Life Insurance Company didn't file a renewal of Mr. Jacob's licence for the 1993/94 term and allowed his 1992/93 licence to expire.

As a result, the Superintendent cancelled the Interim Cease and Desist Order on April 20, 1993, and withdrew the Notice of Proposed Hearing. Mr. Jacobs and his agency, Strategic Insurance Agency Inc., are currently unlicensed and he is charged with a number of counts of fraud. A trial is pending in the criminal court system. Restitution has been made to the policyholders by Mr. Jacobs.

Commissioner

D. Blair Tully

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