Property and Casualty - Auto Bulletins

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Bulletin

No. G-20/94

- General

Hearings and Prosecutions - Second Quarter 1994

Prosecutions

There were four agent, one adjuster and one company prosecutions this past quarter. There was also one additional company prosecution from the previous quarter which was not reported. Two of the agents' cases were dismissed, and the remaining cases were disposed of as follows:

Charge:	**Making false and misleading statements**
Against:	**Rebecca B. Ricario (Toronto) formerly sponsored by AFLAC Insurance Company of Canada**
Verdict:	**Guilty**

Rebecca Ricario pleaded guilty in provincial court on April 12, 1994 to a charge of making a false and misleading statement in the solicitation or registration of insurance. Ms. Ricario allowed an unlicensed person to sell AFLAC insurance products and later altered documents in order to show herself as the writing agent in an attempt to receive compensation. She was fined $500. Ms. Ricario is not currently licensed.

Charge:	**Acting as an unlicensed adjuster**

Against: **Insurance Management & Consulting Services Inc. (Thornhill)**

Verdict: **Guilty**

Insurance Management & Consulting Services Inc. pleaded guilty in provincial court on May 25, 1994 to a charge of acting as an unlicensed adjuster in the settlement of claims on behalf of an insurer. The company was fined $2,000. The corporation is no longer engaged in adjusting.

Charge: **Furnishing false information**

Against: **Marshall Katz (Thornhill) formerly sponsored by The Independent Order of Foresters**

Verdict: **Guilty**

Marshall Katz pleaded guilty in provincial court on June 8, 1994 to two counts of providing false information to the Ontario Insurance Commission in his application for a life insurance agent's licence. Mr. Katz withheld information regarding his employment history for the five years immediately prior to the date of his application, and he also falsely stated that he had no pending charges or indictments. He was fined $1,000 on each count. Mr. Katz is currently unlicensed.

Charge: **Using a class of risk exposure and rates without first making the necessary filing**

Against: **Continental Insurance Company**

Verdict: **Guilty**

Continental Insurance Company pleaded guilty in provincial court on March 23, 1994 to the above charge. The company had issued policies for classic and antique automobiles in the Sarnia territory without first filing that class and those rates. The company was fined $25,000. The company has since made the proper filing.

Charge: **Breaching the Take-All-Comers provisions of the Facility Association's Articles contrary to the Compulsory Automobile Insurance Act**

Against: ITT Hartford Insurance Company of Canada

Verdict: Guilty

ITT Hartford Insurance Company of Canada pleaded guilty in provincial court on June 28, 1994 to the above charge. The company had issued notices to some of its brokers stating that it would not be writing new automobile business for a period of time. By so doing, the company was in violation of its requirements under the Take-All-Comers rules. The company was fined $25,000. This situation has since been rectified.

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.

During the past quarter, a total of 4 hearings and 1 appeal took place. Decisions are pending in 3 of the hearings. The other cases were disposed of as follows:

Life agent applicant:	**Robert D. Harrington (Ajax) sponsored by Royal Life Insurance Company of Canada** **Advisory board hearing:January 6, 1994**
Superintendent's decision:	**Application refused, appealed April 19, 1994**
Commissioner's decision:	**Appeal dismissed, Superintendent's decision confirmed**

Robert Harrington's licence application was refused by the Superintendent on January 31, 1994. His suitability to hold a licence was questioned because he failed to disclose a number of criminal convictions which included conveying false messages, and making false statements. Mr. Harrington also has a 1993 conviction for furnishing false information to the Ontario Insurance Commission in his insurance agent's application. The panel was not satisfied that Mr. Harrington's pattern of behaviour shows that he is of good character. They were also not confident that Mr. Harrington would perform his duties as an insurance agent in good faith. Mr. Harrington's appeal to the

Commissioner of Insurance was dismissed.

Life agent applicant:	**Paul H. Brooks (Burlington) sponsored by Sun Alliance and London Assurance Company Canada**
Superintendent's decision:	**April 13, 1994**
Commissioner's decision:	**Application refused**

Paul Brooks' licence application was refused by the Superintendent on May 19, 1994. His suitability to hold a licence was questioned because of his unsatisfactory record in a business that he had been previously engaged. Specifically, he had been the subject of an investigation and hearing before the Ontario Securities Commission (OSC). As a result, his mutual fund dealer registration with the OSC was cancelled. The Board considered Mr. Brooks' offence before the OSC to be serious and troubling, and they felt that this offence was extremely relevant to Mr. Brooks' character in assessing his suitability to sell life insurance. The panel also found that Mr. Brooks was less than candid when he completed his Application for Insurance Agent's Licence.

D. Blair Tully

Commissioner

October 11, 1994

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