

DECISION
of the
GENERAL INSURANCE COUNCIL OF MANITOBA
(“Council”)
Respecting
JACQUELINE AMORIM-VERGE
(“Licensee”)

INTRODUCTION

The General Insurance Council of Manitoba (the “Council”) derives its authority from *The Insurance Act* C.C.S.M. c. 140 (the “Act”) and the *Insurance Councils Regulation 227/91*.

In response to a complaint against the Licensee received by Council, an investigation was conducted pursuant to Sections 375(1) and 396.1(7)(e) of the *Act* and Section 7(2)(e) of *Regulation 227/91*. The purpose of the investigation was to determine whether the Licensee’s activity violated the *Act*, its *Regulations*, its *Licensing Rules* and/or the General Insurance Agent’s Code of Conduct (“*Code of Conduct*”).

During the investigation the Licensee was notified of the information submitted to Council and given an opportunity to make submissions.

On March 18, 2020, during a meeting of the Council, the evidence compiled during the investigation was presented. Upon assessment of the evidence, Council determined its Intended Decision.

As part of its Intended Decision, Council informed the Licensee that she may request a Hearing to dispute Council’s determinations and its penalty/sanction. The Licensee expressly declined her right and chose not to pursue a Hearing; she instead expressly accepted the terms of the Intended Decision and duly paid the levied fine and partial investigation costs.

Pursuant to section 375(1) of the *Act* and *Regulation 227/91*, Council now renders its Decision and corresponding reasons.

ISSUE

1. Did the Licensee violate sections 3 (Quality of Service) and 4 (Advising Clients) of the Code when she failed to set an abeyance to follow up on a new policy, and as a result failed to provide policy service to the Complainant until after the expiry of their existing policy?

FACTS AND EVIDENCE

1. On January 1, 2019, the Agency cancelled their contract with Insurer A and made arrangements with Insurer B to rollover their Insurer A book of business based on existing Insurer A documentation.
2. On May 22, 2019, the Licensee emailed Insurer B and requested a new policy for the Complainants effective June 16, 2019.
3. On July 4, 2019, the Complainants called the Agency and inquired about the status of their renewal. It was at that time that the Complainants were advised that their Insurer A policy had lapsed on June 16th and that a new policy had been placed with Insurer B.
4. On July 5, 2019, Council received the Complainant's complaint which indicated that:
 - a. They were unaware of the change in insurers and did not receive any renewal documentation.
 - b. Insurer A's policy did not provide the same coverage for their jewellery and policy deductible.
5. By email dated July 18, 2019, the Agency's Operating Agent provided Council's Investigator with the Licensee's letter dated July 17, 2019, and the Operating Agent indicated to Council's Investigator that:
 - a. Insurer A *"was behind on issuing our new policies for the rollover and we had not received the policy to date when the insured contacted our office."*
 - b. Due to human error, *"a suspense was not created to confirm that we either received the new policy, and if not, to ensure that we follow up on the application with [Insurer B]."*
 - c. *"The process we have been doing is 'rolling' over the policies to [Insurer B], and once the policy is received by our office, we contact the client to discuss the transfer to [Insurer B] and the reasoning behind it."*

- d. *“It would have been at this time that [the Licensee] would have reviewed all the coverage limits with the client including any changes in coverage from the [Insurer A] policy to [Insurer B].”*
6. In her letter dated July 17, 2019, the Licensee indicated to Council’s Investigator that:
 - a. *“...I forgot to create a suspense in our system to follow up in a week on receiving the policy with [Insurer B].”*
 - b. *“Normally I would have contacted the clients to advise the switch in companies prior to the renewal date so that coverage limits, changes, exclusions etc. can be discussed with them well in advance. When [the Complainant] contacted our office and I spoke with him, I apologized and explained the change from the [Insurer A] policy to [Insurer B]. At this time, he did express some concern with coverage on jewellery and his deductible. I provided him with alternative options, ie: Scheduling the jewellery and/or cancelling the [Insurer B] policy and placing him with a different company to address his concerns.”*
7. By email dated October 9, 2019, Insurer A indicated to Council’s Investigator that they *“do not issue any lapse notification as it is the responsibility of the broker to manage the lapsed business.”*

ANALYSIS AND DETERMINATIONS

On January 1, 2019, the Agency cancelled their contract with Insurer A and made arrangements to “rollover” their Insurer A book of business to Insurer B utilizing the existing Insurer A file documentation.

On May 22, 2019, the Licensee requested the new Insurer B policy; however, failed to abeyance the file to confirm receipt of the new policy, or to follow up on the application with Insurer B.

The Complainants were not provided with notification that their Insurer A policy had lapsed on June 16, 2019 and that a new policy had been placed with Insurer B, until they contacted the Agency on July 4, 2019.

During the July 4, 2019 telephone call between the Complainants and the Licensee, the Complainants voiced concerns regarding the Insurer B policy deductible and limitation on jewelry.

The appropriate process would have been to obtain the Insurer B policy prior to contacting the insured to explain the change in insurer and review optional coverages, exclusions, and limitations.

Section 3 (Quality of Service), of the *Code*, indicates that agents or brokers shall serve their clients in a conscientious, diligent and efficient manner and shall provide a quality of service at least equal to that which agents or brokers would general expect of a licensee in a like situation. An example of conduct which is found not to meet this requirement includes:

(c) Failing to inform a client prior to renewal of a change of insurer and the reason for such change.

Section 4 (Advising Clients), of the *Code*, indicates that agents and brokers shall be both candid and honest when advising clients, this includes the obligation to inform their clients at all times about all aspects of the insurance products they have purchased including any changes affecting a policy which occur during the policy term.

Based on the information and evidence reviewed by Council, Council concluded that the Licensee violated sections 3 (Quality of Service) and 4 (Advising Clients), of the *Code of Conduct*, and that disciplinary action is warranted.

PENALTY AND FINAL DECISION

Council's Decision dated July 29, 2020, was delivered to the Licensee by mail on, July 30, 2020. The Decision outlined the foregoing background, analysis, and conclusion on a preliminary basis.

Having regards to its initial determination that the foregoing violations had occurred, Council imposed the following penalty and sanction pursuant to sections 375(1.1)(c) and (d) of the *Act* and section 7(1) of *Regulation 227/91*:

1. The Licensee was fined \$250.00 and assessed partial investigation costs of \$657.00.

Pursuant to section 389.0.1(1) of the *Act*, the Licensee had the right to appeal this Decision within twenty-one (21) days of receipt. The Licensee was advised of this right in the Decision and was provided with the Notice of Appeal form, in accordance with section 389.0.1(2) of the *Act*. As an appeal was not requested in this matter, this Decision of Council is final.

In accordance with Council's determination that publication of its Decisions are in the public interest, this will occur, in accordance with sections 7.1(1) and 7.1(2) of *Regulation 227/91*.

Dated in Winnipeg, Manitoba on the 2nd day of September, 2020.