

ALBERTA INSURANCE COUNCIL  
(the "AIC")

In the Matter of the *Insurance Act*, R.S.A. 2000 Chapter I-3  
(the "Act")

And

In the Matter of Ma Mildred Sanchez  
(the "Agent")

DECISION  
OF  
The Life Insurance Council  
(the "Council")

This case involved allegations pursuant to s 480(1)(a) of the Act. Specifically, it is alleged that the Agent acted in an untrustworthy or dishonest manner in that she sold insurance products to a number of clients when the amount of insurance and the premiums payable exceeded the clients' needs and their ability to pay the premiums. It is further alleged that the Agent acted in an untrustworthy or dishonest manner by making representations to clients that she would pay their insurance premiums in order to induce them to purchase insurance when she did not have the financial capability to pay those premiums. In the alternative, it is alleged that the Agent's actions constitute unfair market practices as contemplated in s. 509 of the Act.

**Facts and Evidence**

This matter proceeded by way of a written Report to Council dated May 27, 2016 (the "Report"). The Report was forwarded to the Agent for her review and to allow the Agent to provide the Council with any further evidence or submissions by way of Addendum. The Agent signed the Report on May 27, 2016 and submitted additional information for our consideration by way of letter dated July 6, 2016.

The Agent held certificates of authority authorizing her to act in the capacity of a life and accident & sickness ("A&S") insurance agent from November 22, 2012 to March 23, 2015. By letter dated January 22, 2016, a Sun Life official ("SC") wrote to the AIC about the Agent's conduct. Specifically, SC wrote, in part, the following:

On or around March 10, 2015, the Financial Centre Manager contacted Compliance regarding the concerns that the Manager had about the quality of [the Agent's] business

activities. The Manager stated that the initial concern surfaced in the last several months in which [the Agent] had a poor first year termination rate, meaning many of the policies [the Agent] had placed within the last year had terminated. In addition, the manager noticed that two large cases were written for a client prior to commission cut off, therefore driving her net commissions for the month to a positive pay. The manager requested that commissions be held for those policies until the requirements were met. A few days following, [the Agent] informed the FCM that the client no longer wished to proceed with the policies.

[The Agent] admitted that she was involved in paying the premium on the cases as noted above and a few others. She admitted that she inappropriately induced applicants to apply for more insurance than they needed and assured them that she would help them out by offering to pay the premiums if needed.

During our review, we identified that [the Agent] and another Sun Life Financial advisor, ["SG"] had split the commissions on these identified cases. Compliance conducted an interview of these advisors in March 2015 and [the Agent] admitted that she coerced clients to apply for policies that they could not afford. [The Agent] stated that the conduct was a result of her own doing and that [SG] was not aware of or involved in. Following the interview, [the Agent's] contact [sic] with Sun Life Financial was terminated with cause.

In June 2015, [the Agent] contacted Compliance and admitted that in September/October 2014, both she and [SG] came up with the idea for setting up policies for friends and paying the premiums for them. [The Agent] stated that she was trying to protect [SG] during the interview and therefore indicated he had no knowledge, however [SG] was aware of this arrangement all along.

As a result of [the Agent's] admittance [sic], Compliance requested that commission calculations be conducted and reversals of those commissions be applied to the advisor. Chargebacks were applied to the advisors [sic] account in the amount of \$70, 181.70. [The Agent] has failed to pay Sun Life back any amount associated with the debt.

SC provided a number of attachments including a June 8, 2015 email wherein she outlined the content of a discussion that she had with the Agent and she asked that the Agent confirm this by return email. The Agent did so by repeating SC's paragraphs and then commenting further. This email reads as follows:

Thank you for taking the time to call me the other night. We had quite a long conversation and I wanted to ensure I have captured accurately what you told me as well as I have additional questions for you. Can you please confirm what I have indicated is accurate and please answer any questions that I have bolded?

You stated that you and [SG] were struggling in your second year, and it was not as good as your first year. You needed financial stability for your bills, your children and to send money to the Philippines.

[The Agent]: Yes.

You stated that you came up with this idea up [sic] setting up policies for friends and paying the premiums for them. Did you come up with the idea or did you both come up with the idea? When (approx month and year) did this idea come about?

[The Agent]: both of our ideas. Started roughly around Sept – Oct 2014

You stated that you and [SG] would each pay 50% of the clients [sic] premiums and you would EFT it into the client's bank account before [Sun Life Financial] withdrew the money from the clients [sic] account.

[The Agent]: Yes.

You stated that during the interview you admitted that you offer to pay the premiums for clients but that you did not. During our conversation you confirmed that you had in fact paid the clients [sic] premiums.

[The Agent]: yes, because during the interview at the office, i [sic] was trying to protect [SG].

You stated that during the interview you took the blame and stated that [SG] was not aware of the arrangement, but during our conversation on June 2<sup>nd</sup>, you confirmed that [SG] was aware all along.

[The Agent]: Yes, because again, i [sic] was trying to protect [SG] because I know he will stay with Sun Life. [SG] is not aware of [Client F] and [Client A]. (Both of this [sic] are just my own idea, because that time [sic], i [sic] in desperate financial struggle)

You stated that you get this for friends [sic] policies and there was [sic] approx 10 policies involved. You provided the following names to me [at this point SC listed a number of clients and asked the Agent to confirm whether she paid the premiums on any other clients' policies and she confirmed that there were two: [Client I] and [client name omitted].

You stated that you have borrowed money from [Client G] (approx \$8000) and [SG] also borrowed money from this client. You both were paying premiums for this client's policies and even though the client did have the means to pay for his own policies. You stated that [SG] set up this arrangement with the client.

[The Agent]: [Client G] is an old friend even before joining sun life [sic]. It was sure when who borrowed money first, the [sic] he returned it back to [Client G], but during that time, it was myself who needs money so i [sic] borrowed from [Client G], making [SG] my co-signor [sic].

[The Agent]: yes this is true, but it was consensual. Both [SG] and me set up the arrangement with the client's consent.

You stated that you were also aware that sure one had the same arrangement for the clients (client names omitted) however it you were not involved in that arrangement as you could not afford it. You believe that [SG] called to cancel the policies because he could not afford the premiums any longer.

[The Agent]: yes, i [sic] only became aware of the [client names omitted] and later on when I found out that there are two large cases falling off from [SG's]. I believe it was the same clients he was suppose [sic] to share with me last jan [sic] 2015 but I didn't get the chance to know more about that last Jan. I also informed him that I cannot afford the premiums just in case something like that will be arranged. That time, it was not clear to me that it was the [client names omitted]. And i [sic] am also not aware that the sale pushed through and then was cancelled. I only realized that these past months.

You stated that you and [SG] had this arrangement because you became greedy.

[The Agent]: i [sic] came to realize this as the reason behind all of these, and i [sic] told [SG] about this too. That i [sic] wanted it to stop everything already because i can no longer sustain them and i am [sic] being chased by my conscience.

You stated that you want to tell me the truth because you cannot protect [SG] any longer. You are surprised that he had the same arrangement with [client name omitted] considering he saw what happened to you.

[The Agent]: yes, because i [sic] know with that he should stop whatever he is doing. It is about time to correct our mistakes and face the consequences too.

You stated that you have not spoken to [SG] since approx. the time you left [Sun Life Financial].

[The Agent]: yes, I only spoke with him last time to check what happened on [client name omitted] complaint.

...

Thank you...for the time you have taken with me. I want to make sure that I have captured what our conversation was the other evening and then I have not mis-stated [sic] the information. Can you please respond to my e-mail at your earliest convenience? If there is anything that I have left out, please feel free to add it.

[The Agent]: thank you for giving me this chance to come out and eventually put an end on everything. I may have made mistakes but it was a blessing that I was able to make things right by starting to face them.

Like i [sic] said, i [sic] am ready to face the consequences of my actions to prove that I am only a human capable of making mistakes, and a mother fighting for her children's survival. But [SC], please assure me that I will not be put in prison for this. I don't worry much about myself anymore this time, as i [sic] know i [sic] have to pay for all of these. I only worry about my mom and my three children, who doesn't have their father [sic] to look after them if I'll be gone. I know you have a good heart and i [sic] appreciate all of this.

SC provided the investigator with Sun Life's investigation summary and this outlined the various clients involved and the circumstances surrounding their insurance purchases and the Agent's conduct. To protect the privacy of the clients we refer to them by letter.

i) Client A:

Client A is a licensed practical nurse who earned \$85,000.00 per year and had a personal net worth of \$15,000.00. The Agent submitted applications for life and critical illness insurance policies dated February 26 and 27, 2015. Sun Life advised that this was the client that initially triggered its investigation because the Agent submitted the applications just prior to the commission cut-off date and these policies would have placed her in a positive compensation position. Additionally, the monthly premiums associated with the policies totaled \$2,872.64 and represented approximately 50% of Client A's net annual income. Given these facts, the Agent's manager informed the Agent that the commissions would not be paid until such time as all of the underwriting requirements were met. On March 1, 2015, the Agent notified Sun Life that Client A would not be proceeding with the applications and on the following day she advised an associate sales manager that she was paying the premium for these cases as well as a few others.

ii) Client B:

Client B is believed to be related to the Agent in some manner and he applied for \$1,000,000.00 of basic life coverage through an application dated December 24, 2014. The material indicated that Client B was a business owner whose salary was \$150,000.00 and his net personal worth was \$100,000.00. At the time of the application he also had an additional \$400,000.00 of life coverage through Sun Life. The monthly premium of the new coverage was \$3,294.90. Sun Life paid SG a commission of \$11,846.34. Automatic monthly premium withdrawals for January 14, 31, and February 28, 2015 were not made due to insufficient funds.

iii) Client C:

Client C applied for \$1,000,000.00 through the Agent by way of an application dated December 22, 2014. The client's annual income was \$190,000.00 and his net worth was reported as \$300,000.00. At the time of his application he held an additional \$250,000.00 of insurance coverage through Sun Life. The monthly premium for the new insurance was \$2,853.00.

Sun Life paid \$14,905.84 in commissions to SG and \$21,501.15 in commissions to the Agent. The Agent admitted that this was one of the clients for whom she paid premiums and that she induced him to purchase more insurance than he required. The automatic premium withdrawal for January 31, 2015 was not met due to insufficient funds and Sun Life rescinded the contract in March 2015. Apparently, the client contacted Sun Life and indicated that he communicated his intention to cancel the policy to the Agent prior to January 28, 2015 because he had lost his job. In March, the Agent wrote to Sun Life and explained that she was trying to conserve the policy and asked that Sun Life provide her with the maximum amount of time possible before cancelling the policy.

iv) Client D:

This client was once employed by the Agent and she applied for \$300,000.00 of insurance through the Agent in an application dated October 24, 2014. The materials indicate that she was a server in a restaurant and owned a business in the Philippines. Her annual salary was \$35,000.00 and her stated net worth was \$200,000.00. The monthly premium for this policy was \$917.17. Sun Life paid the Agent \$3,805.55 in commissions and this was one of the clients that the Agent agreed to pay the premiums on the client's behalf. However, Sun Life indicated that the premiums were not paid (November 7 and 27, 2014 payments were NSF) and the policy was ultimately declined as the client did not wish to proceed.

v) Client E:

Client E signed an application for \$1,000,000.00 of insurance on January 22, 2015 and the monthly premium in this regard was \$3,188.70. The client already held \$150,000.00 of life insurance. Sun Life's Advisor Statement indicates that the client was a business owner earning \$100,000.00 per year and he had a net worth of \$100,000.00. Sun Life paid a \$7,604.76 commission to the Agent and \$8,141.28 in commissions to SG. As in other cases, the Agent induced the sale on the basis that she was going to pay the

premiums. Two pre-authorized premium payments were not honoured and Sun Life subsequently declined the policy.

vi) Client F

Client F applied for life and critical illness insurance in the respective amounts of \$50,000.00 (with a \$400,000.00 20-year renewable term rider) and \$30,000.00 by way of applications dated March 9 and 11, 2015. The client was a front desk manager with Ramada and his annual income was \$50,000.00 with a net worth of \$10,000.00. The premiums for these policies were \$366.26 and \$160.14 (\$526.40 total).

The Agent ultimately advised Sun Life that Client F did not wish to proceed in relation to the life insurance policy and they were advised by the paramedical company that Client F did not wish to proceed in relation to the critical illness policy.

vii) Client G:

On November 26, 2014, Client G applied for two \$1,000,000.00 life insurance policies with an added \$250,000.00 total disability and guaranteed insurability benefit. He stated that his annual salary was \$500,000.00 and the premium for each policy was \$3,290.58 (\$6,581.16 total monthly premium). Client G already held \$500,000.00 of life insurance through Sun Life. Sun Life indicated that SG submitted surrender forms to Sun Life for his two new policies and a third existing policy on April 24, 2015.

viii) Client H:

Client H signed an application for \$1,000,000.00 of insurance on March 20, 2014 and the monthly premium in this regard was \$2,397.60. Sun Life's Advisor Statement indicates that the client was a business owner earning \$30,000.00 per year. Sun Life paid a \$13,216.01 commission to the Agent and \$13,546.24 in commissions to SG. As in other cases, Sun Life indicated that the Agent admitted to inducing the sale on the basis that she was going to pay the premiums and that premiums were excessive given Client H's income. As in the case of Client G, Sun Life indicated that SG submitted a policy surrender form and this was done on April 24, 2015.

ix) Client I:

Client I is a skilled trade journeyman who earned \$130,000.00 per year. The Agent submitted applications for a \$1,000,000.00 term life and \$2,000.00 long-term care insurance policies that were both dated February 26, 2014. The monthly premiums associated with the policies totaled \$2,578.44.

The Advisor summary that Sun Life provided indicates it paid the Agent a commission of \$7,378.20 for the life policy and \$6,096.87 in relation to the long-term care policy. It also paid SG \$3,989.36 in relation to the life insurance policy and \$3,469.05 in relation to the long term care policy. These policies lapsed on October 26, 2014.

The investigator wrote to the Agent by letter dated March 4, 2016 and requested information and documentation in relation to the nine clients as set out above. The Agent responded by letter dated March 16, 2016. In her letter, the Agent explained her conduct in relation to the nine clients. As to Client G, the Agent indicated that he purchased the two \$1,000,000.00 policies and could afford them but subsequently experienced financial difficulties. As a result, the Agent and another advisor made approximately three or four premium payments. She also indicated that she had previously borrowed \$10,000.00 from Client G and that she had previous financial dealings that were separate from her role as Client G's insurance agent.

With regard to Clients D, I, H, and E, the Agent asserted that she sold these policies on the basis of their insurance needs and ability to pay. She stated that the salary information found on the applications "may not be entirely accurate to tee" and she specifically referenced Client I as having an annual salary of \$150,000.00 rather than the \$130,000.00 as set out in the documents. She further wrote that these clients went through financial difficulties and that "[o]ut of compassion for these individuals, who are close friends, I was compelled to help pay for their premiums but only during those difficult times. I never gave them cash; money was always deposited into their accounts."

The Agent indicated that Clients B and C were siblings and were her cousins. Once again, she tried to assert that the salary information for Client C was not accurate. She wrote that she was under considerable financial stress at the time and that these clients agreed to purchase the policies in an effort to help her as Sun Life was delaying some of her commissions and she was also subject to other commission claw-backs. Nonetheless, she suggested that the insurance was appropriate for them and that they could afford the premiums. However, the Agent confirmed that she told Clients B and C that she would help them to make



the premium payments in the event that they could not pay themselves. She then indicates that both clients lost their jobs. Given that both clients' policies were rescinded in March 2015, it is clear that she either did not (or could not) fund the premiums.

As to Clients A and F, the Agent wrote that the clients were aware of her financial difficulties and that she "...badly needed to make a sale." She indicated that that they voluntarily agreed to purchase policies in order to assist her but she also admitted that she told them that "...should they have challenges paying the premiums, [she] would help them out."

In concluding her March 16, 2016 response letter, the Agent wrote:

I admit to engaging in rebating but I deny ever inducing any of my 180 plus clients to apply for insurance they do not want or need. All of my written policies from Day [sic] one was investigated by Sun Life as they sent mass mail surveys to all my clients (Please see attached copy of my Complaint Letter and Actual Client Copy of Letter from Sun Life). In those instances where I offered to help out with the premiums the discrete arrangements were mutual. The clients were to get the benefits of being insured and at the same time help me make some income that I badly needed at such a difficult time. There was no fraud nor misrepresentation involved in those cases.

Definitely I do not wish to justify my actions as I am aware of the need to be compliant with the Insurance Act at all times. Those instances where I engaged in rebating or offered to do so do not define me as a person, who once worked hard and was successful in the insurance industry. I am committed to correcting my mistakes and that was at the heart of why I admitted to Sun Life my wrongdoings even though none of my clients admitted to my doing anything wrong. More importantly, this letter is an attempt to set the record straight and lead to freedom to practice again as an insurance advisor. As a single mother I need to provide well for the future of my three young daughters.

In her July 5, 2016 Addendum, the Agent restates some of the submissions that she previously made. In part, she wrote as follows:

I have explained to Sun Life and also to AIC in my previous letters that I had never induced any of my clients to buy insurance. Policies were always placed with due diligence involving financial analysis to make sure that my clients were not oversold nor undersold coverage. I had not induced anyone to unnecessarily buy insurance even in the cases of those 10 clients whom I offered to rebate or did rebated the premiums for a period of time when they were going through financial difficulties. I admitted to Sun Life that my difficult financial situation at that time became a motivation to persuade the clients to buy insurance. However, the agreement was consensual between me and the clients and they would buy insurance not only because they wanted to help me, but also because they really had a need for it. I said that should they have any difficulty in sustaining the

payments, I would be helping them in return. I do not believe that fraud or forgery or any other illegal act was involved in the process. Contrary to what the Sun Life report said, I did not induce or force the clients to buy insurance they did not need.

I was in tremendous financial difficulty during the time I offered to rebate or engaged in it. After admitting such actions to Sun Life, the company looked into all my prior pieces of business in the belief that I had done rebating from day one. I had to dispute that and explained that rebating occurred only during a **limited period** following the recession in Alberta, which resulted in massive lay-offs and moratorium on hiring affecting most of my clients. No new business was coming in during the recession months and there were many policy cancelations. I should have realized that there were better solutions to my financial problems instead of making rebating arrangements with relatives and friends. It was too late when I realized that much to my regret.

Sun Life did the investigation over a nine months [sic] at the end of which my chargebacks accumulated thus compounding my financial dilemma. Two months after the conclusion of the investigation, I contacted Sun Life to ascertain if I was cleared to engage in insurance business. The prior letter sent to me by Sun Life mentioned nothing about any consumers' complaints or any other issues against me. However, a few days later I found out through a letter sent to me that Sun Life was reporting my market conduct to AIC, which I felt was done to prevent me from going back to the business. My suspicion was confirmed by [SC's] letter, which was attached in the letters submitted to AIC as evidence, that Sun Life was contacted by Greatway Financial Inc. which alerted Sun Life that I was resuming my practice. I believe that Sun Life's report to the Council about me should have been done in the earliest stage after my resignation or termination and not many months later when they found out that I was seeking to join another MGA. That the reporting was done much later makes me think that I was being treated unfairly by Sun Life. I could have hidden the truth because none of those 10 clients admitted I engaged in any wrongdoing. But given the desire to correct my mistakes, I told Sun Life the truth regardless of the consequences. So contrary to the Financial Center Management's report that my business was under a cloud of suspicion, Sun Life really had no solid proof against me until I disclosed the truth.

...

I have always believed that goodness is about character as demonstrated by integrity, honest, kindness, generosity, moral courage, and the like. More than anything else, it is about how we treat other people. I will not justify my actions because I know they were wrong. Doing what is right is not easy especially in a world there is this tension between good and bad. But I know that there is no better test of a man's integrity than his behavior [sic] when his is wrong. This is the reason why I am humbly asking for compassionate consideration of my case. [emphasis in original]

The Agent then outlined her financial position and her familial responsibilities. Amongst other things, she wrote:

I have lost everything. I lost not only the job that has fed my children for the last three years but also my house, my credit rating, my reputation, my friendships and other relationships that I have built especially within the Filipino community. But the most painful part is losing myself in the process of doing what I thought was right. I have always believed that there is no higher value in our society, especially in this industry, than *integrity*. I made mistakes and I desperately want to make amends as a first step to recovering my integrity. [emphasis in original]

### **Discussion**

Before embarking on our consideration of the substantive issues raised in this case, we wish to note that our Council membership included Robin Rankine, a Sun Life official who was involved in the Agent's termination and was mentioned in some of the correspondence in the Report. Given this, Mr. Rankine rightly suggested that he was in a conflict of interest position as it related to this case and left the room during our deliberations. Mr. Rankine has not participated in this decision in any way and his membership on this Council expired prior to the issuance of this decision.

As to the allegations themselves, in order to conclude that the Agent has committed an offence pursuant to s. 480(1)(a) of the Act, the Report must prove, on the basis of clear and cogent evidence, that it is more likely than not that the Agent committed the alleged offences. The requirement of clear and cogent evidence reflects the fact that our findings can dramatically impact an insurance agent's ability to remain in the industry. Additionally, the elements of s. 480(1)(a) offences have been discussed by the Alberta Court of Queen's Bench in *Roy v. Alberta (Insurance Councils Appeal Board)*, 2008 ABQB 572 (hereinafter "*Roy*"). In *Roy*, the Council found that an Agent committed an offence pursuant to s. 480(1)(a) of the Act when he attested to completing his applicable continuing education ("CE") when he did not, in fact, do so. The Agent also held a securities license and stated that he believed that the CE required to maintain his securities license was applicable to his insurance agent requirements. The Insurance Councils Appeal Board also found the Agent guilty of the offence and the Agent appealed to the Court of Queen's Bench. In his reasons for judgment, Mr. Justice Marceau reviewed the requisite test to find that an offence pursuant to s. 480(1)(a) of the Act has been made out and expressed it as follows at paragraphs 24 to 26:

[24] The Long case, albeit a charge under the Criminal Code of Canada where the onus of proof is beyond a reasonable doubt (not on a preponderance of evidence as in this case), correctly sets out the two step approach, namely the court or tribunal must first decide whether objectively one or more of the disjunctive elements have been proven. If so, the tribunal should then consider whether the mental element required has been

proved. While the Appeal Board said it was applying the Long decision, it did not make a finding as to whether step 1 had been proved with respect to each of the disjunctive elements. Rather it immediately went into a step 2 analysis and found that the mental element required for untrustworthiness might be less than the mental element required for fraud (as a given example).

[25] I am of the view that statement was in error if it was made to convey a sliding scale of mens rea or intent depending on which of the constituent elements was being considered. In my view, the difference between the disjunctive elements may be found in an objective analysis of the definition of each and certainly, as demonstrated by the Long case, what constitutes fraud objectively may be somewhat different from untrustworthiness. However once the objective test has been met, one must turn to the mental element. Here to decide the mental element the Appeal Board was entitled, as it did, to find the mental element was satisfied by the recklessness of the Applicant.

[26] While the language used by the Appeal Board may be characterized as unfortunate, on this review on the motion of the Applicant I need not decide whether the Appeal Board reasonably could acquit the Applicant on four of the disjunctive elements. Rather, the only matter I must decide is whether the Appeal Board acting reasonably could conclude, as they did, that the Applicant's false answer together with his recklessness justified a finding of "untrustworthiness". (emphasis added)

In applying this test to the case before us, it is clear that the Agent repeatedly induced clients to purchase insurance from her on grounds that she was in desperate financial straits and that she would pay the premiums in the event they needed assistance. In many cases, the policies that she sold far exceeded those clients' ability to pay. For example, Clients A, B, D, E, F, H and I undertook to pay significant monthly premiums considering their incomes. On the other hand, those like Clients G and E may have had higher annual salaries; however, the Agent also provided them assurances that she would pay their premiums in the event that they could not. Client G ultimately surrendered his policies and Client E's policies did not proceed.

The obvious difficulty with making assurances that she would assist clients in making their premium payments is that the Agent, by her own admission, was in no place to financially carry the premiums for the clients to whom she made these representations. In short, when the Agent found herself in a difficult financial situation, she responded by doing whatever it took to get that next sale in the mistaken belief that it would compensate her a sufficient amount to get ahead of her promises to pay other client premiums. In some ways, she was working a form of cheque-kiting or Ponzi scheme against Sun Life in that she was submitting questionable business so as to generate commissions to pay previous chargeback

fees. To avoid further chargebacks in the short-term, she agreed to pay client premiums. However, this was bound to as she could not keep up with her commitments. As a result, every one of the policies outlined in the Report were lapsed, cancelled or did not proceed to issuance despite the commission payments to the Agent. As such, we are satisfied that the Agent committed nine offences pursuant to s. 480(1)(a) of the Act.

As to the appropriate sanction for this conduct, we have the ability to levy civil penalties in an amount up to \$5,000.00 for each offence pursuant to s. 480(1)(a) and 13(1)(a) of the *Certificate Expiry, Penalties and Fees Regulation*, A.R. 125/2001. As the Agent no longer holds a certificate of authority, our jurisdiction to suspend or revoke certificates of authority is not applicable in the circumstances.

This is the Agent's first disciplinary offence and she was licensed for approximately three years. As noted above, the Agent has readily admitted the facts that are central to the case. While the Agent demonstrates a degree of contrition in her Addendum, in many respects she casts herself as the victim in this matter. In one letter, she indicates that her clients voluntarily applied for contracts and suggests that they benefitted from her actions by having insurance for a period of time. However, she does not seem to recognize that she induced her clients to purchase insurance on the basis that she would assist them to make premium payments that they could either not afford or were unwilling to pay. This occurred at the same time that the Agent knew, was reckless or willfully blind to the fact that she was in no position to assist her clients in making payments.

In light of all of the circumstances, we order that a civil penalty in the amount of \$3,000.00 be levied against the Agent in regard to each of the nine offences for which she was found guilty (\$27,000.00 total). The civil penalties must be paid within thirty (30) days of receiving this notice. In the event that the penalties are not paid within thirty (30) days, interest will begin to accrue at the rate of 12% per annum as prescribed by s. 13(2) of the *Certificate Expiry, Penalties and Fees Regulation*, A.R. 125/2001. Pursuant to s. 482 of the Act (copy enclosed), the Agent has thirty (30) days in which to appeal this decision by filing a notice of appeal with the Office of the Superintendent of Insurance.

This Decision was made by way of a motion made and carried at a properly conducted meeting of the Life Insurance Council. The motion was duly recorded in the minutes of that meeting.

Date: October 21, 2016

Original Signed By

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Kenneth Doll, Chair  
Life Insurance Council

**Extract from the *Insurance Act*, Chapter I-3****Appeal**

482 A decision of the Minister under this Part to refuse to issue, renew or reinstate a certificate of authority, to impose terms and conditions on a certificate of authority, to revoke or suspend a certificate of authority or to impose a penalty on the holder or former holder of a certificate of authority may be appealed in accordance with the regulations.

**Extract from the *Insurance Councils Regulation*, Alberta Regulation 126/2001****Notice of appeal**

16(1) A person who is adversely affected by a decision of a council may appeal the decision by submitting a notice of appeal to the Superintendent within 30 days after the council has mailed the written notice of the decision to the person.

(2) The notice of appeal must contain the following:

- (a) a copy of the written notice of the decision being appealed;
- (b) a description of the relief requested by the appellant;
- (c) the signature of the appellant or the appellant's lawyer;
- (d) an address for service in Alberta for the appellant;
- (e) an appeal fee of \$200 payable to the Provincial Treasurer.

(3) The Superintendent must notify the Minister and provide a copy of the notice of appeal to the council whose decision is being appealed when a notice of appeal has been submitted.

(4) If the appeal involves a suspension or revocation of a certificate of authority or a levy of a penalty, the council's decision is suspended until after the disposition of the appeal by a panel of the Appeal Board.

Address for Superintendent of Insurance:

Superintendent of Insurance  
Alberta Finance  
402 Terrace Building  
9515-107 Street  
Edmonton, Alberta T5K 2C3