

DECISION
of the
LIFE INSURANCE COUNCIL OF MANITOBA
(“Council”)
Respecting
GREG STEIDL
(“Licensee”)

INTRODUCTION

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

In response to an email concerning the Licensee, an investigation was conducted pursuant to sections 375(1) and section 7(2)(e) of *Regulation 227/91* to determine whether the Licensee had violated the *Act*, its *Regulations* and/or the Life Insurance and Accident and Sickness Agent’s Code of Conduct (“*Code of Conduct*”). During the investigation the Licensee was given an opportunity to make submissions with respect to Council’s concerns.

On December 14, 2016, during a meeting of Council, the evidence compiled during the investigation was presented; upon review Council determined its intended decision. Pursuant to sections 375(1) and 375(1.1) of the *Act* and *Regulation 227/91*, Council hereby renders its intended decision and corresponding reasons.

ISSUES

1. Did the Licensee make misrepresentations to another licensee (“Licensee B”) relating to the existence of an audit (“the Audit”) in violation of section 375(1)(a) of the *Act*?
2. Did the Licensee make misrepresentations to Council in violation of section 375(1)(a) of the *Act*?
3. Did the Licensee’s conduct violate sections 4 – Professionalism and 9 – Dealing with the Insurance Council of Manitoba (“ICM”), of the *Code of Conduct*?

FACTS

1. On October 20, 2016, a licensee (“Licensee B”) received an email (“the Email”) from the Licensee which stated:

“I received an email from ICM this morning, they are wanting to do a random audit of the... files. They are requesting to see all the client files for Life, A+S and disability policies sold under the two trade names. They are requesting us to provide them with files for all... policies sold in the last 3 years. Do you have these files?”

2. Believing he was under audit, Licensee B complied with the Email by providing client files to the Licensee.
3. On November 3, 2016, Licensee B visited Council’s office and asked to speak with Council’s Investigator to discuss the outcome of the Audit.
4. Council’s Investigator confirmed to Licensee B that he was not under audit for any reason.
5. On November 4, 2016, at Council’s request, the Licensee brought the subject files to Council’s office and signed a statement in which the Licensee advised Council:
 - a. “It was a joke.”
 - b. He told Licensee B that the Email was a joke five minutes after the email was sent.
 - c. He knows that he should not have sent the Email or made the comments.
 - d. The Licensee’s agency (“the Agency”) would provide insurance leads (referrals) to Licensee B, and because of this association, the Licensee asked for the files.
 - e. The intent of the Email was to ensure the files were compliant.
 - f. There was no referral contract between the Licensee’s agency and Licensee B but the Licensee was concerned about liability.
 - g. That the Licensee had received complaints where Licensee B did not show up for meetings or where Licensee B did not follow up on a referral lead.

- h. There was no indication that there had been concerns over products sold by Licensee B and no consumer complaints against Licensee B but there were servicing concerns.
 - i. Licensee B had told the Licensee that he was having health issues.
- 6. On November 4, 2016, Licensee B signed a statement wherein he advised Council:
 - a. He dropped the files off at the Licensee's office and phoned the Licensee to determine how the Audit was going.
 - b. The Licensee said the Audit did not go well as the files were not delivered on time and the ICM had showed up early.
 - c. Licensee B found out there was no Audit only when he spoke to Council's Investigator.
 - d. Licensee B felt betrayed, and this had a huge impact and stress on him and his family.
- 7. By email dated November 14, 2016, Licensee B further advised Council:
 - a. He was told by the Licensee that the day of the Audit was November 1, 2016 and that he dropped off the files at the Licensee's office that day.
 - b. On or about November 2, 2016, he recorded a conversation between himself and the Licensee after he had delivered the files to the Licensee.
 - c. That the Licensee never made out that this was a joke of any kind.
 - d. It was not until checking with the ICM that he found out that there was no Audit being conducted by the ICM.
- 8. Subsequent to ICM staff meeting with the Licensee, Licensee B provided Council with two recordings of phone conversations between himself and the Licensee wherein the Licensee continued to misrepresent the existence of the Audit and advised Licensee B that the Audit did not go well as the ICM came early for the files.

9. On November 14, 2016, Council provided the Licensee's legal counsel with copies of the two recordings.
10. By letter dated November 17, 2016, the Licensee advised Council:
 - a. He misled Licensee B by stating to him that the ICM was conducting an Audit.
 - b. He misled the ICM by advising that he had explained to Licensee B that he was joking about the existence of an ICM Audit.
 - c. With respect to his signed statement, there were several statements that were not true.
 - d. He did not tell Licensee B that the Email was a joke 5 minutes after it was sent.
 - e. He realized that evoking the ICM name was wrong.
 - f. When he met with the ICM he was embarrassed by what he had done in sending the Email to Licensee B and that he panicked and made a mistake by telling the individuals [staff] that he had retracted the Email immediately after sending it.
 - g. He was sorry for misleading Licensee B and the ICM.
11. By letter dated November 29, 2016, the Licensee took full responsibility for his actions, and regretted his lapse of judgement.
12. By email dated November 14, 2016, Licensee B's wife (also a licensee – "Licensee C") reinforced that efforts were made to comply with the Audit described by the Licensee.
13. By email dated November 14, 2016, another Licensee ("Licensee D") advised Council that Licensee B did not take this matter as a "joke" and that Licensee B and his wife spent considerable time getting the files ready for the Audit.

ANALYSIS

Section 375(1)(a) of the *Act* provides that if an agent is guilty of misrepresentation, fraud, deceit or dishonesty, disciplinary action can occur pursuant to section 375(1.1). Section 4 of the *Code of Conduct* mandates agents to act with professionalism, in good faith at all times, and to refrain from practices that contravene the spirit or intent of any of the principles or practices set out in the *Code of Conduct* – without limitation, any use of coercion or intimidation to secure insurance business; or, any other action that may undermine the reputation or public professional image of insurance, must not occur. In accordance with section 9 of the *Code of Conduct*, agents must respond promptly and honestly, with full disclosure, to inquiries from the Council.

Having reviewed the evidence, Council concluded: that the Licensee misrepresented the existence of an ICM Audit to Licensee B and obtained client files on this basis; misrepresented the facts of the situation and made false statements to Council during investigation; and only acknowledged his false statements after being provided with Licensee B's recordings of telephone conversations with him. Council found that the Licensee's dishonest actions caused high turbulence and stress in another agent's life, as there was no Audit or investigation of Licensee B being conducted by Council. Council was concerned that there were two recipients of the Licensee's unprofessional behaviour – Licensee B and Council itself.

Upon review of the facts and evidence before it, Council determined that the Licensee's conduct violated section 375(1)(a) of the *Act* and sections 4 and 9 of the *Code of Conduct*.

Based on the foregoing, Council concluded that discipline is warranted.

DECISION AND PENALTY

Council's Decision dated March 14, 2017 was delivered to the Licensee by registered mail. The Decision outlined the foregoing background, analysis, and conclusions. 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)&(d) of the *Act* and section 7(1) of *Regulation 227/91*:

1. The Licensee be fined \$5,000.00 and assessed investigation costs of \$1,000.00.

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 Decision is published, in accordance with sections 7.1(1)&(2) of *Regulation 227/91*.

Dated in Winnipeg, Manitoba on the 27th day of April, 2017.