

**DECISION**  
**of the**  
**LIFE INSURANCE COUNCIL OF MANITOBA**  
**(“Council”)**  
**Respecting**  
**RYAN REYNOLD ROBERT RIFFEL**  
**(“Former Licensee”)**

**INTRODUCTION**

The Life Insurance Council of Manitoba (“Council”) derives its authority from *The Insurance Act* C.C.S.M. c. I40 (the “Act”) and the *Insurance Councils Regulation 227/91*.

In response to a compliance issue concerning the Former Licensee, 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*. Council undertook an investigation of the Former Licensee to determine whether he had violated the *Act*, its *Regulations*, and/or the Life Insurance and Accident and Sickness Agent’s Code of Conduct (the “*Code of Conduct*”).

During the investigation the Former Licensee was given an opportunity to make submissions with respect to Council’s concerns.

On February 8, 2022, during a meeting of 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 Former Licensee that he may request a Hearing to dispute Council’s determinations and its penalty/sanction. The Former Licensee expressly declined his right and chose not to pursue a Hearing; he instead expressly accepted the terms of the Intended Decision.

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

## **ISSUE**

1. Did the Former Licensee engage in the act of rebating when he reimbursed Client A, a Manitoba consumer, \$2,400.00 each year for a period of three years (\$7,200.00 total), to off-set an insurer surcharge?

## **FACTS AND EVIDENCE**

1. At all material times, the Former Licensee held Life and Accident and Sickness (“A&S”) licences in Manitoba.
2. By email dated February 25, 2021, the Agency indicated to Council’s Investigator that:
  - a. They became aware of the issue [of rebating] when they gained access to the Former Licensee’s emails after he was terminated.
  - b. Located in the Former Licensee’s emails was an agreement between the Former Licensee and Client A, a Manitoba consumer, where the Former Licensee agreed to pay the difference in premium for the insured on what they were quoted/expecting and what the policy was placed for.
3. The agreement, dated May 20, 2018, which had been provided to Council’s Investigator, indicated that:
  - a. Client A’s *“policy number 023698205L with the Insurer for \$500,000 has a 3 year surcharge in the amount of \$2,400.00. Because this surcharge is unfair, Ryan [the Former Licensee] has agreed to reimburse once a year for the 3 years.”*
4. By emails dated December 20, 2021, January 24<sup>th</sup> and 27<sup>th</sup>, 2022 the Former Licensee indicated to Council’s Investigator that:
  - a. Client A *“accepted the [Insurer’s] policy and then decided the surcharge was absurd. So I was trying to see if I could talk the insurer into dropping it down. I couldn’t. So I fixed it on my own because Client A was very upset.”*
  - b. Client A *“was quite upset with his 3 year surcharge and I did agree to reimburse him for the 3 years as he requested.”*
  - c. *“I lost money on the transaction, big time, it was done to defuse a situation. And it was the wrong choice.”*
  - d. *“I am aware that this constitutes rebating...I made \$2500 on it and repaid Client A \$7200 in total.”*

e. *“I accept full responsibility for my actions.”*

## **ANALYSIS AND DETERMINATIONS**

Sections 375(1)(b), of the *Act* states as follows:

*If, after due investigation by the superintendent and after a discipline hearing, if a hearing is required under the regulations, the superintendent determines that the holder or former holder of an insurance agent licence*

*(b) has violated any provision of this Act or any rule or regulation under this Act;*

The superintendent may take one or more of the actions set out in section 375(1.1), which includes suspend the licence, cancel the licence, impose a fine, and/or require the licence holder to pay some or all of the investigation costs.

After his termination from the Agency, the Agency located documentation within the Former Licensee’s emails which indicated that the Former Licensee had entered into an agreement with Client A, a Manitoba consumer, to rebate a portion of insurance premiums, as the insured was unhappy with an insurer surcharge.

By way of his own evidence, the Former Licensee admitted to Council’s Investigator that he rebated Client A after the insurer refused to decrease a policy surcharge, that he made the wrong choice and took responsibility for his actions.

Pursuant to section 378(4) of the *Act*, and section 4 (Professionalism – Sharing a Commission) of the *Code of Conduct*, rebating of premiums are prohibited, and an agent must not share compensation earned from the sale of insurance products with any person who does not hold an agent’s licence in the same class of licence. No agent shall, directly or indirectly, pay, allow, or give, or offer or agree to pay, allow, or give, any rebate of the whole or part of the premium stipulated by the contract, or any other consideration or thing of value intended to be in the nature of a rebate of premium, to any person insured or applying for insurance.

Based on the information and evidence reviewed by Council, Council concluded that the Former Licensee violated sections 375(1)(b) and 378(4), of the *Act* and section 4 – (Professionalism – Sharing a Commission), of the *Code of Conduct* and that disciplinary action is warranted.

## **PENALTY AND FINAL DECISION**

Council’s Decision, dated June 20, 2022, was delivered to the Former Licensee by mail on June 23, 2022. The Decision outlined the foregoing background, analysis, and conclusion on a preliminary basis.

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

1. The Former Licensee is fined \$5,000.00 and assessed partial investigation costs of \$2,500.00.
2. That any application for a new licence be brought to Council for a review as to Suitability.

Pursuant to section 389.0.1(1) of the *Act*, the Former Licensee had the right to appeal this Decision within twenty-one (21) days of receipt. The Former 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 19<sup>th</sup> day of July, 2022.