

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 LMG FINANCE INC. o/a LMG FINANCE
(the "Agency")

AGREED STATEMENT OF FACTS AND JOINT SUBMISSION

WHEREAS the AIC undertook a review of the Agency's licensing records, during which review information came to light that, indicated that the Agency had been acting as a restricted insurance agent while unlicensed;

AND WHEREAS the review established that the Agency had sold credit related insurance policies during the period from February 16, 2013 to and including July 3, 2013, without a valid and subsisting Certificate of Authority and was compensated for acting as a restricted insurance agent;

AND WHEREAS the Agency is aware of the opportunity to retain and instruct legal counsel with respect to the matters referred to in this Agreed Statement of Facts and Joint Submission;

NOW THEREFORE the Agency and the Investigator agree as follows:

- 1.0 For the purposes of this Agreed Statement of Facts and Joint Submission, the Agency makes the following admissions and submissions:
 - 1.1.1. The Agency was the holder of a Certificate of Authority (93-1826743) to transact business as a Restricted Insurance Agent to sell credit related insurance policies under the business name, LMG Finance and was so licensed from October 8, 2002 until February 15, 2013. In or about June, 2013 the Agency registered as a corporation in Alberta and since July 4, 2013 has been the holder of a Certificate of Authority (93-4356106) to transact business as a Restricted Insurance Agent to sell credit related insurance policies under the business name LMG Finance Inc. o/a LMG Finance;
 - 1.1.2. Robert Williamson is named as the Designated Individual on the credit related Certificate of Authority held by the Agency (the "DI");
 - 1.1.3. In response to a letter from the AIC dated April 29, 2013, Marci Franzen ("MF"), Business Development Manager with the Agency sent a letter dated May 14, 2013 to the AIC, in which MF advised the AIC that the Agency had not acted as a restricted insurance agent as the Agency was acting as an employee of different dealerships;

- 1.1.4. In response to a letter from the AIC dated July 12, 2013, MF sent a letter dated July 23, 2013, to the AIC confirming that the Agency had taken steps to become licensed in Alberta;
- 1.1.5. In response to a telephone conversation the investigator had with Brenda Meister ("BM"), Director with Industrial Alliance Insurance and Financial Services Inc. ("IA"), BM sent an email dated September 11, 2013 which advised the AIC that the Agency sold a total of 429 policies and received commission income in the amount of \$62,116.60 between the period of February 16, 2013 and July 3, 2013;
- 1.1.6. In response to a letter from the AIC dated December 2, 2013, Gerry Borden, Director with the Agency sent a letter to the AIC admitting that the Agency was involved in the selling of insurance policies during the period of time the Agency was unlicensed and confirmed the number of policies sold and amount of commission income that was provided to the AIC by IA was correct.
- 2.0 As a result of the facts set out in this Agreed Statement of Facts and Joint Submission, the Agency contravened section 452(1) of the Act, and consequently violated section 480 (1) (b) of the Act for acting as a restricted insurance agent during a period of time the Agency was unlicensed.
- 3.0 The Agency and the Investigator jointly recommend to the Life Insurance Council ("Council") that the Council approve this Agreed Statement of Facts and Joint Submission and resolve, dispose of and finally conclude this matter involving the Agency by approving a decision in the form annexed hereto as Schedule 1.
- 4.0 The Agency recognizes that the acceptance of the decision set out in Schedule 1 shall be at the unfettered discretion of the Council.
- 5.0 The Agency is aware of and acknowledges that upon receiving notification of the Council's decision, the civil penalty specified in Schedule 1 must be paid within the time frames set out in section 480(4) of the Act.
- 6.0 The Agency is also aware of and acknowledges that by entering into this Agreed Statement of Facts and Joint Submission, the Agency waives its right to appeal this decision as set out in section 482 of the Act.
- 7.0 The Agency waives any existing right it may have under the Act or otherwise to a hearing, review, judicial review or appeal of this matter.
- 8.0 The Agency acknowledges that this Agreed Statement of Facts and Joint Submission may be referred to in this or any other proceeding under the Act, and in regulatory proceedings in other jurisdictions.

9.0 The Agency recognizes that this Agreed Statement of Facts and Joint Submission resolves all issues involving the Agency in this matter only, as the matter is described above.

Dated at the City of Edmonton, in the Province of Alberta this 27 day of January 2014.

ALBERTA INSURANCE COUNCIL

PER:

Original signed by
Trisha Lunt, Investigator

Dated at Kamloops, in the Province of British Columbia, this 4 day of February 2014.

Original signed by
Robert Williamson, DI

In the presence of:

Original signed by
Signature of Witness

Original signed by
Name of Witness (please print)

SCHEDULE 1

ALBERTA INSURANCE COUNCIL

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

And

IN THE MATTER OF LMG FINANCE INC. o/a LMG FINANCE

(the “Agency”)

DECISION of the LIFE INSURANCE COUNCIL

(the “Council”)

WHEREAS the Investigator of the Alberta Insurance Council (“AIC”) made a request for information in relation to an investigation being conducted by the AIC into the compensation of an unlicensed restricted insurance agent, from February 16, 2013 to and including July 3, 2013;

AND WHEREAS as a result of information received, the Investigator and the DI entered into an Agreed Statement of Facts and Joint Submission, a copy of which is attached hereto;

AND WHEREAS pursuant to the Agreed Statement of Facts and Joint Submission, the DI has agreed that the Agency will pay a civil penalty in the amount of THREE HUNDRED DOLLARS (\$300.00) in relation to the Agency being compensated for acting as a restricted insurance agent during the period of time it was unlicensed and has acknowledged that the Council has the discretion to accept or reject that recommendation;

AND WHEREAS the Council considers that it would be in the public interest to approve the said Agreed Statement of Facts and Joint Submission;

IT IS ORDERED that:

1. The Agreed Statement of Facts and Joint Submission be accepted and is hereby approved; and
2. The Agency pay a fine of THREE HUNDRED DOLLARS (\$300.00) in accordance with the terms and conditions set out in this Agreed Statement of Facts and Joint Submission.

The attached Agreed Statement of Facts and Joint Submission was reviewed by the Council and a motion to approve this decision was made and carried at a properly conducted meeting of the Council on February 18, 2014. This motion was duly recorded in the minutes of that meeting.

Original signed by _____

Kenneth Doll, Chairman, Life Insurance Council