



General Insurance Council of Saskatchewan

IN THE MATTER OF A DISCIPLINE HEARING
PURSUANT TO
THE GENERAL INSURANCE COUNCIL OF SASKATCHEWAN
BYLAW 7 SECTION 5 AND BYLAW 10

AND

AUTO GALLERY 1994 LTD.
also operating as SIGNATURE MOTORS

NOTICE OF HEARING

TAKE NOTICE that the Complaints and Investigation Committee (the Committee) of the General Insurance Council of Saskatchewan (the GIC) requires Auto Gallery 1994 Ltd. also operating as Signature Motors (Auto Gallery) to appear before a Discipline Committee of the GIC at Suite 310, 2631 28th Avenue, Regina, Saskatchewan from Wednesday, January 20 to Friday, January 22, 2010 beginning at 9:00 a.m.:

TO CONSIDER WHETHER:

Auto Gallery has violated the following sections of Bylaw 8 of the GIC:

- **Section (1)** For the purpose of *The Saskatchewan Insurance Act* (the Act), regulations and bylaws, misconduct is a question of fact but includes any matter, conduct or thing, whether or not disgraceful or dishonorable, that is:
 - (a) contrary to the best interest of the consumer or licensees or Insurance companies.
- **Section (2)** Without restricting the generality of subsection (1), a licensee may be guilty of misconduct if the licensee:
 - (j) fails to ensure that a consumer or insurer is fully informed of all relevant information that will allow the consumer or the insurer to make an informed decision;
 - (n) fails to disclose to a consumer in writing any fees charged, the amount of the fees, and the reasons for the fees over and above the premium set in the policy by an insurer;
 - (p) fails to maintain proper records;
 - (q) fails to follow sound business practices; and
 - (s) fails to reasonably respond to inquiries from council.

BY REASON OF THE FOLLOWING FACTS AND ALLEGATIONS:

Facts

1. Auto Gallery is a body corporate formed under *The Business Corporations Act* (Saskatchewan). The nature of business is "Car Lot and Mechanical Repair Shop".
2. Auto Gallery was initially licensed March 9, 1990 to offer warranty insurance.
3. Auto Gallery is currently licensed as a Warranty Dealership holding four licenses sponsored by:
 - Millennium Insurance Corporation;
 - Lubrico Warranty Inc.;
 - Motors Warranty Corporation; and
 - CornerStone United Ltd.
4. On July 22, 2008 the Committee received a complaint from B&P. During the investigation of the complaint concerns regarding the business practices of Auto Gallery were raised.
5. The insurance application provided with the complaint by B&P and completed by Auto Gallery was completely blank with respect to the dollar value of the Insurance premium or the Guaranteed Premium Rebate (GPR) option.
6. The Bill of Sale (BOS) provided by Auto Gallery to B&P indicates a charge of \$2017.00; the BOS does not define what the \$2,017.00 charge is for. According to B&P this is the cost of the Insurance.
7. First Canadian Protection Plan (FCPP) is a trade name of Millennium Insurance Corporation (MIC) which underwrote the insurance and GPR that B&P purchased.
8. FCPP when asked provided current retail and wholesale insurance premium rates to the Committee.
9. The retail price of the Insurance purchased by B&P was \$1,517.00. The GPR purchased was \$200.00 for a total cost of insurance of \$1,717.00. According to the BOS from Auto Gallery, B&P were charged an extra \$300.00 for insurance.
10. The Superintendent of Insurance issued a Delegation Order (the Order) on January 13, 2009 authorizing the GIC to exercise the specific powers of investigation as set forth in the Order.
11. On February 5, 2009 the Committee under the Order demanded information from Auto Gallery.

Allegations

12. Auto Gallery violated Bylaw 8(1)(a) when it failed to properly and/or accurately complete insurance applications.
13. Auto Gallery violated Bylaw 8(2)(j) when it failed to fully inform the consumer of relevant information respecting the costs of the insurance in applications that were poorly completed and or combined with other non-insurance items that were separate and apart from the purchased insurance.
14. Auto Gallery violated Bylaw 8(2)(n) when it failed to disclose to the consumer other costs that were charged over and above the insurance premium.
15. Auto Gallery violated Bylaw 8(2)(p) when it was unable to provide information demanded of it under the Order.
16. Auto Gallery violated Bylaw 8(2)(q) when it failed to follow sound business practices by not properly and/or accurately completing insurance applications and or other sale documents related to insurance.
17. Auto Gallery violated Bylaw 8(2)(s) when it failed to provide information to the Committee under the Order in a timely manner, or at all.
18. Auto Gallery violated Bylaw 8(2)(s) when it failed to respond to a May 7, 2009 letter requesting confirmation that all information requested under the Order had been provided.
19. Auto Gallery violated Bylaw 8(2)(s) when it failed to respond to the Committee on confirmation that they have discontinued charging Provincial Sales Tax (PST) on the Insurance.

AND TAKE FURTHER NOTICE THAT the Respondents may be represented by counsel at the Discipline Hearing and may make representations and lead evidence;

AND FURTHER TAKE NOTICE THAT upon failure of the Respondents to attend at the time and place as aforesaid, the Discipline Hearing may proceed in their absence and no further notice of the proceeding will be given to them.

DATED at Regina, Saskatchewan November 26, 2009



Bill Schwandt, Chair
Complaints and Investigations Committee