

Are Canadian consumers getting fleeced by the life insurance industry?

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Halifax, NS ([RPRN](#)) 07/08/14 — Consumers have had enough and they want to be protected from illegal commercial practices...



Financial Services Consumer Alliance

Forty years without meaningful changes in any regulations and this is how we can summarize the state of the life insurance industry

in Canada. It is the consumers who have paid the price of this regulatory failure. Stronger regulations are needed but the Quebec Effect jeopardizes the effectiveness of any new regulations which is the conclusion of the Financial Services Consumer Alliance.

“In the life insurance industry, we are dealing with weak laws that have never been updated and still insurers have gone out of their way not to respect current regulations. When I ask any insiders to describe the industry, they all use the same description. It is like a frontier town in the old far west,” stated Richard Proteau, President of FSCA. “There are so many wrongdoings that it is difficult to know where to start. Currently our focus is Universal Life policies which were sold using fraudulent and misleading practices. If you bought a Universal Life, we want to hear your complaint which can be registered at <http://www.consumerrights.ca/database.html>. The same applies if you are an orphan policy owner and you have not seen an

agent in 5 years.”

FSCA is concerned by the insurers’ lack of respect of the law and has determined this is the principal roadblock to any strengthening of regulations in order to increase consumer protection.

“This problem can only be qualified as a Catch 22 situation,” Richard Proteau continued. “What is the use of strong laws if they are not respected? This is why consumers have to address this problem.”

This Effect results in more infractions in Quebec in one month compared to the rest of the country in one year. Is this because Quebec has the strongest laws? Evidences have proven the contrary. The conclusion reached is that the Quebec regulator named the AMF has allowed insurers to use commercial practices that constitute violations of the law. “When you add this to a justice court system where the law can be applied selectively, this becomes the stuff of a nightmare for the victims of these practices.” said Richard Proteau.

The solution to resolve this crisis is to confront it through different legal procedures in order to exact such a financial and political price that no other provinces will deceive the public in voting laws that they do not intend to enforce for everyone.

“This is why I have so far engaged the AMF in many legal duals. I am proceeding with a lawsuit but my goal is not to obtain justice. This is impossible when considering the bias judges have towards the AMF which has empowered its employees to engage in a variety of questionable activities. This provides me the opportunity to subpoena a previous and current employee of the AMF in order to ask three simple questions. Why did you hide a fraud committed by an insurer and who told you to do it? Why were the proofs of this fraud destroyed?” declared Richard Proteau.

FSCA believes these answers are crucial in moving towards a regulatory environment that actually protects consumers and not the bottom line of insurers. A wedge must be driven between employees of the regulator and

the insurers when we consider the latest statement of a Manulife employee in the Insurance Journal who made public threats against the career of advisors who have decided to help their clients in setting up a life settlement which is a legal option in Quebec. He gave the impression that the regulator could be used to sanction advisors who would for example help terminally ill policy owners get an advance on their death benefit through a loan settlement. It would be a lot more profitable for the insurers if these terminally ill people cancel their policies instead paying the death benefit. FSCA considers this to be an unacceptable exploitation of consumers who are facing hard times and expected the regulator to refute these allegations but instead it decided to remain silent reinforcing these threats.

“The life insurance industry is not well at all. The only medicine is multiple class actions and the FSCA is ready to proceed with two of these in a very near future. It is sad for me to announce that in one of these class actions, the regulators and provincial governments will be included as defendants.” In making this declaration, Richard Proteau added “When laws are a convenience for some and an obligation for others, there cannot be a just society; there cannot be a lawful society; conditions necessary for consumers to have confidence in the free market.”

Financial Services Consumer Alliance

The Financial Services Consumer Alliance (FSCA) is a national alliance of consumers created exclusively to defend and promote the specific rights and interests of consumers who have purchased a financial product.

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