

BULLETIN



INSURANCE COUNCIL
of British Columbia

300 - 1040 W. GEORGIA STREET, PO BOX 7, VANCOUVER, BC V6E 4H1

OCTOBER 2005

COUNCIL EXECUTIVE 2005 - 2006

At its June Annual General Meeting, Council elected Garth Holfeld (pictured) as its Chairperson for the coming year. Gloria Vannan, FCIP, is Past Chairperson and Carl Abbott, FLMI, CFP, CLU, CH.F.C., is Vice-Chairperson.

Mr. Holfeld has over 30 years' experience in the insurance adjusting industry and is currently a principal with Coast Claims Service Ltd. in Vancouver. Mr. Holfeld has served on Council since 1996, becoming a voting member in 2002. Gloria is an account manager with Aon Reed Stenhouse in Vancouver and Carl is President of Abbott Financial Services in Kamloops.



Garth Holfeld, Chairperson

NEW VOTING MEMBERS APPOINTED

In July 2005, the following Voting Council Member appointments were made:

Graham Calder was appointed as a life insurance company representative of Council. Mr. Calder was first appointed to Council as a non-voting member in December 2002 and has over 20 years' experience in the life insurance industry. He is Sales Director, Market and Advisor Development for Freedom 55 Financial in Nanaimo.

Graham replaces **Rita Ager**, who left Council due to a change in employment which made her ineligible for this position.

Tejinder Grewal (known as TJ) was appointed as a lay person representative of Council. Mr. Grewal owns several nationally recognized businesses and resides in Prince George. He is a member of the

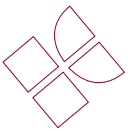
Prince George Chamber of Commerce and is the Vice-President of the Prince George Sikh Temple.

TJ replaces **Debby O'Leary**, who served a six-year term on Council as a lay person representative.

Colin Thompson was appointed as a general insurance company representative. Mr. Thompson has over 25 years' experience in the general insurance industry and is the President of Westland Insurance Limited Partnership in Surrey. He has served as a non-voting member since December 2002.

Colin replaces **David Brenner** whose term expired at the end of June.

Council expresses its thanks to Debby, David and Rita for their many significant contributions to Council. They were greatly appreciated.



ERRORS & OMISSIONS INSURANCE MANDATORY FOR ALL GENERAL INSURANCE, LIFE INSURANCE, ACCIDENT & SICKNESS INSURANCE AND ADJUSTER LICENSEES EFFECTIVE JANUARY 1, 2006

As advised in Notice ICN #05-005, all licensees (with the exception of Restricted Travel Insurance Agents) must be covered by E&O insurance on or before January 1, 2006.

Licensees are not required to send in proof of meeting the mandatory E&O coverage at this time. Confirmation of the required E&O coverage will be requested on renewal applications commencing January 1, 2006. Council will establish an audit program to ensure compliance with this licence condition.

Although not mandatory, insurance agencies and adjusting firms that extend E&O coverage to licensees authorized to conduct insurance activities on the agency's or firm's behalf may send their

E&O confirmation to Council's attention prior to a licence renewal. This will assist individual licensees who do not hold personal E&O policies. Confirmation may be submitted in letter format or using the form available on our website.

Licensees who have not already begun the process to obtain E&O coverage, or to amend their current E&O coverage if necessary, are strongly urged to do so as soon as possible.

Information on E&O requirements for licensees, including reporting requirements, is available on our website by following the link on our Home Page, *E&O - January 1, 2006*. If you do not have access to the internet, please contact our office and we will fax or mail you the required information.

Unless otherwise qualified in this Bulletin, read:

"Council" as Insurance Council of British Columbia

"Act" as *Financial Institutions Act*

"FICom" as Financial Institutions Commission

"Rules" as Council Rules

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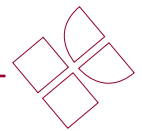
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For additional copies of this Bulletin, visit www.insurancecouncilofbc.com – Publications



LEVEL 3 GENERAL INSURANCE AGENT SEMINAR NOW AVAILABLE ON THE INTERNET

To qualify for a Level 3 general insurance agent licence, an individual must take Council's seminar that addresses the duties and responsibilities of supervisors and managers ("Level 3 seminar"). In the past, the Level 3 seminar was held on a periodic basis and required the licensee attend in person.

The Level 3 seminar is now available on the internet through the Insurance Brokers Association of British Columbia ("IBABC"). Information regarding registration is available by visiting IBABC's website at www.ibabc.org. Select the 'Online Learning Centre' button, click on the 'IBABC / Captus Press

Inc.' banner, then locate the course by clicking on the 'Course Catalogue' button on the left side of the page. If you have further questions, please click on the 'Contact Us' button or call IBABC directly at 604-606-8000.

If you have already attended the Level 3 seminar, it is not necessary to take it again. If you have never taken the Level 3 seminar and are applying for a Level 3 general insurance agent (including nominee) licence, you will be required to supply proof of completion before a licence application will be considered.

COUNCIL WILL NO LONGER FAX CONFIRMATION OF LICENSING

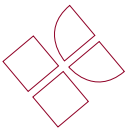
Through the *Search Licensees* section of our website you may determine the status of an insurance licence. The licence information available is "real-time", which means the information on the website is the same as is provided by Council staff in response to telephone inquiries. For the past two years we have found the majority of applicants are using this method to determine if an application has been approved, and based on the feedback we have received, it is convenient and easy to use.

As a result, Council will no longer send fax confirmations of application approvals to first-time

applicants or to individuals who have submitted re-applications. The processing time for these application types, once all requirements have been met, is ten business days. If there are no suitability or conduct issues, a complete application is usually approved within the ten day period. Council suggests that five business days after this type of application has been received by Council, you periodically check under *Search Licensees* on our website to see if a licence has been approved.

Articles in this Bulletin are designed to provide licensees with concise information for use in their day-to-day business activities in a non-technical way. It is not intended to replace or provide legal advice or be a legal explanation of the Act, its regulations or the Rules.

It is the responsibility of all licensees to ensure their practices and procedures are within the requirements of the Act, its regulations and the Rules.



LICENSED INDIVIDUALS HOLDING OTHER EMPLOYMENT

Council has a policy regarding what employment is acceptable for licensed individuals who also engage in other employment, business interests or activities (“employment”). As changes to legislation have eliminated prohibitions preventing certain classes of licence from engaging in other employment, Council has amended its policy.

Council’s position is that a licensee may hold or engage in other employment, if the employment will not:

- be in conflict to the duties and responsibilities of a licensee;
- give rise to the reasonable possibility of undue influence; or
- cause confusion to the public.

Council elected not to create a list of “unacceptable” employment for licensees, but will review situations on a case-by-case basis.

ISSUES SPECIFIC TO SAVINGS INSTITUTIONS

In the past, the one exception to this policy was where a licensed individual wanted to work at a savings institution (credit union, bank or trust company). Due to the prohibition on insurance agents and salespersons engaging in insurance activities on the premises of a savings institution, Council was reluctant to allow licensees to also hold employment with a savings institution.

Recently, Council reviewed its position on employment with a savings institution and decided to provide further direction on what is and is not acceptable. Council’s primary concerns relate to: confusion to the public; holding out issues; the confidentiality and communication of information that could occur between the savings institution and the insurance agency; and the potential for undue influence. Council concluded that many of these issues are now covered by its Rules, which address confidentiality and client disclosure requirements. Council concluded that its only concern is the potential for undue influence.

As a result, Council determined licensed individuals

could hold employment with a savings institution so long as that employment does not provide a licensee with decision making powers which could allow the licensee a level of influence over a member of the public. For example, Council would consider a licensee who also held employment as a loans officer to be in a position where they could exert undue influence.

Because job descriptions vary from one organization to another, it is not possible to provide a comprehensive list of positions within a savings institution that would be acceptable, but generally these could include individuals who work in the “back office”; counter staff, greeters and possibly customer service agents (tellers). While many of these positions involve interaction with the public, if the position involves no decision-making authority there should be no potential to exert undue influence.

Council did not see any difference where an agent or salesperson sought to work for an unaffiliated credit union; however, licensees would be required to provide Council with letters of acknowledgement and consent from both employers before it would approve the dual employment.

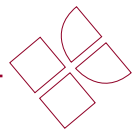
ALL LICENSEES

It is the responsibility of a licensee to determine whether other employment may be in conflict to the duties and responsibilities of a licensee; give rise to the reasonable possibility of undue influence; or cause confusion to the public, before he or she engages in these activities. When a licensee believes one of these factors may exist, he or she should contact Council before engaging in the employment.

A licensee who engages in employment that:

- is found to be in conflict with the duties and responsibilities of a licensee;
- could give rise to the reasonable possibility of undue influence; or
- could cause confusion to the public,

could be subject to disciplinary action or found to be unsuitable to hold a licence.



RENEWING YOUR LICENCE – HELPFUL HINTS

RENEWAL APPLICATIONS

Council issues renewal notices to licensees as a courtesy to assist them in meeting their obligation to renew their licence. A renewal application will be sent to your business address of record approximately 60 days before the expiry of your licence. Regardless of whether or not you receive the renewal application, it is your responsibility to ensure a fully completed application is received by Council (preferably 30 days) prior to the expiry of your licence.

If you do not receive a renewal application, they are available on our website under *Other Licensing Transactions*, Renewal Applications.

CONTINUING EDUCATION COURSES

Council has guidelines to assist you in determining what courses qualify for continuing education credit. It is your responsibility to ensure: the courses you are claiming meet these guidelines; you have a valid record of course completion; and you keep your proof of attendance records for five years from the licence renewal date the education was applied toward.

Guidelines on how to determine eligibility of continuing education credits are available on our website under *Continuing Education*, select the applicable class of licence from the banner at the top of the page, then select Accreditation. Complete information on the length of time you must retain records is available under *Continuing Education*, Maintaining Records.

CARRY FORWARD OF CONTINUING EDUCATION CREDITS

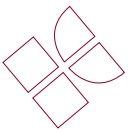
Council permits life insurance, general insurance and adjuster licensees to carry forward excess continuing education credits from one licence period to the next. There is a cap on the number, and in some cases the type of excess credits that may be carried forward to the next licence renewal date. It is your responsibility to keep track of all your continuing education credits, including the number of credits you are carrying forward for application toward upcoming renewal requirements.

If you require a tracking form to assist you with your record keeping, Council has a form available on our website under *Continuing Education*, Maintaining Records.

If you do not have access to the internet or if you have any questions, please contact our Licensing Department for further assistance.



www.insurancecouncilofbc.com
Visit our website to access information on licensing requirements, application forms, Notices, What's New and much more.



AUDITORS' REPORT TO THE MEMBERS

We have audited the balance sheet of the Insurance Council of British Columbia as at May 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at May 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Financial Institutions Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants
Vancouver, Canada
July 8, 2005

INSURANCE COUNCIL OF BRITISH COLUMBIA

Balance Sheets



May 31, 2005 and 2004

	2005	2004
Assets		
Current assets:		
Cash	\$ 512,055	\$ 871,777
Accounts receivable	10,802	16,671
Prepays	49,144	39,008
	572,001	927,456
Investments (note 3)	2,321,643	1,904,045
Capital assets (note 4)	195,847	222,187
	\$ 3,089,491	\$ 3,053,688
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 235,728	\$ 163,979
Pending application fees	203,827	191,178
Deferred revenue	1,019,504	1,152,105
	1,459,059	1,507,262
Tenant inducement	36,528	41,746
Net assets:		
Invested in capital assets	195,847	222,187
Unrestricted operating surplus	1,398,057	1,282,493
	1,593,904	1,504,680
	\$ 3,089,491	\$ 3,053,688

Commitments (note 6)

See accompanying notes to financial statements.

Approved on behalf of the Council:

 Member
 Member

INSURANCE COUNCIL OF BRITISH COLUMBIA

Statements of Changes in Net Assets

Years ended May 31, 2005 and 2004

	Invested in capital assets	Unrestricted operating surplus	2005 Total	2004 Total
Balance, beginning of year	\$ 222,187	\$ 1,282,493	\$ 1,504,680	\$ 1,222,377
Excess (deficiency) of revenue over expenses	(74,434)	163,658	89,224	282,303
Purchase of capital assets	48,094	(48,094)	-	-
Balance, end of year	\$ 195,847	\$ 1,398,057	\$ 1,593,904	\$ 1,504,680

See accompanying notes to financial statements.

INSURANCE COUNCIL OF BRITISH COLUMBIA

Statements of Operations

Years ended May 31, 2005 and 2004

	2005	2004
Revenue (schedule)	\$ 2,919,083	\$ 2,963,872
Operating expenses:		
Advertising	10,749	9,677
Automobile and travel	45,946	40,744
Data processing and information system maintenance	120,352	122,469
Equipment rentals and service	11,461	11,187
Exam room rental	23,515	12,248
Hearings	250	10,731
Insurance	18,523	17,067
Maintenance	12,325	9,920
Meetings	168,754	138,597
Office and miscellaneous	27,048	33,957
Postage and delivery	97,728	90,629
Proctor and marker fees	71,316	25,490
Professional fees	113,809	143,035
Rent	253,806	247,494
Salaries and benefits	1,669,907	1,513,075
Stationery, printing and supplies	79,553	78,168
Telephone	25,428	24,020
Training	4,955	10,469
	2,755,425	2,538,977
Excess of revenue over expenses before amortization	163,658	424,895
Amortization	(74,434)	(142,592)
Excess of revenue over expenses	\$ 89,224	\$ 282,303

See accompanying notes to financial statements.

INSURANCE COUNCIL OF BRITISH COLUMBIA

Statements of Cash Flows

Years ended May 31, 2005 and 2004

	2005	2004
Operations:		
Excess of revenue over expenses	\$ 89,224	\$ 282,303
Items not involving cash:		
Amortization	74,434	142,592
Decrease in rent expense from tenant inducement	(5,218)	(5,218)
Changes in non-cash operating working capital (note 5)	(52,470)	(175,974)
	105,970	243,703
Investments:		
Increase in investments	(417,598)	(65,899)
Purchase of capital assets	(48,094)	(70,171)
	(465,692)	(136,070)
Increase (decrease) in cash	(359,722)	107,633
Cash, beginning of year	871,777	764,144
Cash, end of year	\$ 512,055	\$ 871,777

See accompanying notes to financial statements.



INSURANCE COUNCIL OF BRITISH COLUMBIA

Notes to Financial Statements

Years ended May 31, 2005 and 2004

1. Operations:

The Insurance Council of British Columbia (the "Council") is constituted under the Financial Institutions Act of British Columbia (the "Act"). The Council: determines the qualification and suitability of applicants for licensing as insurance agents, insurance salesmen and insurance adjusters; administers examinations to such applicants; and issues the respective licences. In addition, the Council investigates complaints and determines any required disciplinary action.

As well as making fee assessments against licensees and insurers to fund its expenses, the Council collects fees prescribed under the Act on behalf of the provincial government.

2. Significant accounting policies:

(a) Revenue recognition:

Application fee revenue is recognized over the term of the licence. As application fees cover a two-year term, one-half of the fees are recognized as revenue in the initial year with the balance deferred and recognized as revenue in the second year of the licence.

Receivables from licensees for Council fees billed but not collected prior to the year-end are not recognized in the accounts, as renewal is at the discretion of the member.

(b) Capital assets:

Asset	Basis	Rate
Furniture and equipment	Straight-line	10 years
Leasehold improvements	Straight-line	10 years
Computer hardware	Straight-line	5 years
Computer software - SQL	Straight-line	3 years
Computer software - other	Straight-line	2 years

(c) Pending application fees:

Pending application fees represent amounts collected for application fees where the licence has not been issued prior to the year-end.

(d) Tenant inducement:

Tenant inducement represents amounts received upon signing a new office premises lease. Such amounts are recognized as a reduction of rent expense on a straight-line basis over the lease term.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from estimates used in the preparation of the financial statements.

INSURANCE COUNCIL OF BRITISH COLUMBIA

Notes to Financial Statements

Years ended May 31, 2005 and 2004

3. Investments:

Investments, which are carried at invested principal plus accrued interest, represent three to five year term investments with twelve Canadian life insurers and credit unions, no one of which holds more than 23% (2004 - 15%) of the total invested. The weighted average term to maturity is 545 days (2004 - 408 days). The weighted average effective interest rate is 3.07% (2004 - 3.58%).

4. Capital assets:

	2005		2004	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 270,836	\$ 188,139	\$ 82,697	\$ 106,369
Leasehold improvements	41,469	7,687	33,782	31,864
Computer hardware	175,726	101,765	73,961	81,302
Computer software - SQL	8,276	4,138	4,138	-
Computer software - other	7,842	6,573	1,269	2,652
	\$ 504,149	\$ 308,302	\$ 195,847	\$ 222,187

5. Statements of cash flows information:

	2005	2004
Changes in non-cash operating working capital:		
Accounts receivable	\$ 5,869	\$ 3,552
Prepays	(10,136)	8,533
Accounts payable and accrued liabilities	71,749	(163,938)
Pending application fees	12,649	(94,734)
Deferred revenue	(132,591)	70,613
	\$ (52,470)	\$ (175,974)

INSURANCE COUNCIL OF BRITISH COLUMBIA

Notes to Financial Statements

Years ended May 31, 2005 and 2004

6. Commitments:

The Council has entered into an operating lease with respect to its office premises, extending until May 2012, as well as certain commitments for networking and technical support services, extending until March 2006. The following annual payments are required in respect of these commitments, excluding operating costs and property taxes on rented premises:

2006	\$ 126,900
2007	139,000
2008	139,000
2009	139,000
2010	139,000
Thereafter	270,000

INSURANCE COUNCIL OF BRITISH COLUMBIA

Notes to Financial Statements

Years ended May 31, 2005 and 2004

7. Financial instruments:

(a) Fair values:

The Council's financial instruments include cash, accounts receivable, investments and accounts payable and accrued liabilities. With the exception of investments, the carrying values of such financial instruments are considered by management to approximate their fair values due to their short-term nature. With respect to investments, it is the Council's intent to hold the individual instruments to maturity, and, accordingly, no attempt has been made to estimate their fair values.

(b) Interest rate risk:

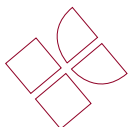
The Council's investments are reinvested upon maturity at interest rates available at the time. As a result, fluctuations in interest rates on such investments will affect interest income earned.

INSURANCE COUNCIL OF BRITISH COLUMBIA

Schedules of Revenue

Years ended May 31, 2005 and 2004

	2005	2004
Revenue:		
Council fees - Licensees:		
Agents - General / Vehicle	\$ 1,037,965	\$ 1,003,420
Agents - Life, Accident and Sickness	989,229	999,845
Salesmen - Travel	196,008	258,923
Adjusters	48,379	49,710
Non-resident endorsement	24,900	21,325
	2,296,481	2,333,223
Council fees - Insurers	215,100	222,300
Examination fees:		
Life	289,213	212,520
Other	8,885	7,785
Interest and other	109,404	188,044
	\$ 2,919,083	\$ 2,963,872



COUNCIL DECISIONS: GENERAL INSURANCE

CONVICTIONS

DARLENE LOUISE KOWTALUK

("FORMER LICENSEE")

LAKE COWICHAN, B.C.

(Level 2 General Insurance Agent)

On June 14, 2005, the Former Licensee plead guilty to one count of theft under \$5,000 and was sentenced as follows:

- eight month conditional sentence;
- eight months probation; and
- victim surcharge of \$50.

This matter arose after it was established the Former Licensee had misappropriated ICBC funds.

SHERRY LEE KAZAKOFF

("FORMER LICENSEE")

KAMLOOPS, B.C.

(Level 1 General Insurance Salesperson)

On May 16, 2005, the Former Licensee plead guilty to one count of theft over \$5,000 and was sentenced as follows:

- one year conditional sentence;
- victim surcharge of \$100; and
- restitution of \$2,721 to her former employer.

This matter arose after it was established the Former Licensee had misappropriated ICBC funds.

REPRIMANDS

J.T. INSURANCE SERVICES (CANADA) INC.

("AGENCY")

VANCOUVER, B.C.

(General Insurance Corporate Agent)

TERENCE ANTHONY CLAY

("NOMINEE")

VANCOUVER, B.C.

(Level 3 General Insurance Nominee)

Council determined the Agency failed to act in good faith and in accordance with the usual practice of the business of insurance and ordered:

- the Agency be reprimanded;
- the Nominee be reprimanded; and
- the Agency be assessed the costs of Council's investigation.

Council found the Agency failed to properly handle a client's insurance premium.

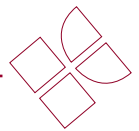
The Agency placed a client's commercial policy for the September 1, 2001 to September 1, 2002 term. On August 28, 2002 the Agency issued an invoice to the client showing the annual premium for the September 1, 2002 to September 1, 2003 term.

On September 11, 2002, the client appointed a new agent of record and filed a letter of brokerage with the insurer. The insurer elected to cancel the policy placed by the Agency and issue a new policy showing the new agent of record.

The Agency disagreed with the insurer's position that the client's original policy would be issued for time on risk and had several discussions with the insurer in this regard. The Agency argued it was entitled to the full annual commission as it negotiated renewal terms prior to the appointment of the new agent and had issued an account statement to the client on September 17, 2002 for the full annual premium. On September 30, 2002 the client forwarded full payment to the Agency.

No further action respecting this matter was taken by the Agency until February 24, 2003 in response to the insurer's December 2002 statement requesting the Agency remit the unpaid time on risk charge, less commission. Later that day, the client requested the Agency refund the annual premium.

On May 5, 2003, the Agency sent an e-mail to the client advising that it was prepared to refund the premium, less the annual commission and time on risk charge. On June 30, 2003, the Agency



forwarded the time on risk premium, less annual commission, to the insurer. On November 6, 2003, the Agency refunded the client the premium, less commission and time on risk charge.

The Agency failed to follow the insurer's instructions to remit the time on risk premium, less commission, and refund the difference to the client. At minimum, if the Agency believed the full annual premium was owed and/or it was entitled to the full annualized commission, it should have remitted the premium paid by the client in accordance with its agency agreement with the insurer. Instead, the Agency improperly held onto the premium for 14 months, during which time there were several long periods of inactivity where the Agency took no steps to resolve this dispute.

MARC-STEPHAN PARROUTY

("LICENSEE")

DELTA, B.C.

(Level 1 General Insurance Salesperson)

Council determined the Licensee failed to act in a competent manner and in accordance with the usual practice of the business of insurance and ordered:

- the Licensee be reprimanded;
- as a condition of his licence, if he seeks to transfer his insurance licence to another insurance agency, he must first inform the intended employer of the circumstances surrounding Council's investigation; and
- the Licensee be assessed the costs of Council's investigation.

The Licensee reviewed previous Autoplan transactions processed at his agency and identified Autoplan 12 clients whose insurance was due to expire. The Licensee proceeded to renew these clients' ICBC insurance policies without their knowledge or consent. He signed the clients' names on the insurance documents and promissory notes and mailed these to the clients with a renewal decal and covering letter explaining the transaction. The Licensee subsequently met with the clients to obtain their signatures.

In an unrelated issue, the Licensee signed his own signature on ICBC registration dealer transfers, rather than attending the dealerships to obtain the appropriate signatures.

In considering an appropriate disposition, Council took into account the Licensee was unlicensed for two months while the investigation was conducted. While a licence suspension would have been warranted had the Licensee remained licensed, Council was satisfied with the length of time the Licensee was unlicensed while it conducted its investigation.

WENDY LYNNE HILLEN

("APPLICANT")

ABBOTSFORD, B.C.

(Level 2 General Insurance Agent Applicant)

Council considered an application to re-instate the Applicant's Level 2 general insurance agent licence in light of a finding that she had, when previously licensed in 2003, arranged to have her ICBC auto insurance renewed based on false information to avoid having to complete AirCare. The Applicant's actions were found to have brought into question her ability to act in good faith and in a trustworthy manner, however it was determined she was still suitable to hold a licence. Council decided to grant a Level 2 general insurance agent licence but ordered the Applicant be:

- reprimanded; and
- assessed the costs of Council's investigation.

In determining disciplinary action, Council took into account that the Applicant's application was pending for approximately two months while the matter was under consideration.

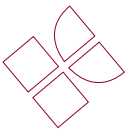
SANNE WIND

("NOMINEE")

SURREY, B.C.

(Level 3 General Insurance Nominee)

Council determined the Nominee failed to act in a competent manner and in accordance with the usual practice of the business of insurance and ordered the Nominee:



- be reprimanded;
- complete Parts 1 & 2 of *Managing the Errors & Omissions Exposure* through ILS Learning Corporation by April 16, 2006; and
- be assessed the costs of Council’s investigation.

Council found the Nominee failed to adequately communicate to the client that he had not placed insurance coverage for her after having collected 50% of the projected premium from her.

The Nominee should not have collected premium money from the client without having placed the coverage or, in the alternative, should have followed up in writing with the client, clearly explaining that coverage was not yet in place. By collecting the premium, the Nominee contributed to the client’s belief that coverage had been placed.

CONDITIONS

KATHARINE JOY FISHER
 (“LICENSEE”)
 VICTORIA, B.C.
 (Level 2 General Insurance Agent)

Council determined the conduct of the Licensee called into question her trustworthiness, but with conditions it would not be contrary to the public interest to grant her a licence. Council ordered the following:

- as a condition of her licence, the Licensee must be directly supervised by her nominee; who will agree to have a condition placed on his licence to supervise and be accountable for the Licensee’s insurance activities until her May 26, 2006 renewal;
- the Licensee must advise any future employer of the circumstances leading to these conditions until these conditions are removed; and
- the Licensee be assessed the costs of Council’s investigation.

The Licensee falsified two employment letters to obtain mortgages on her personal residence and a rental property.

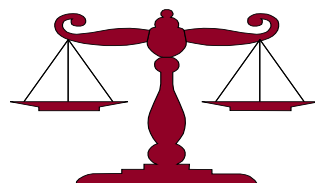
MATERIAL MISSTATEMENTS

JEFFREY MARCH
 (“FORMER LICENSEE”)
 VICTORIA, B.C.
 (Level 2 General Insurance Salesperson)

Council determined the Former Licensee made a material misstatement on his application for a first insurance licence and ordered the Former Licensee:

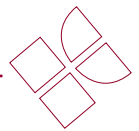
- be fined \$200.

Council found the Former Licensee knew, or ought to have known had he exercised reasonable diligence, that the information he provided on the application was not true.



CAUTION

Warning: The use of any information in this Bulletin to discredit another licensee, or any other person, is not permitted and may result in disciplinary action against a licensee using the information in such a manner.



COUNCIL DECISIONS: LIFE INSURANCE

LYLE BRUCE REGIER
(“FORMER LICENSEE”)

VERNON, B.C.

(Level 2 Life Insurance Agent)

On July 16, 2004, the Former Licensee was convicted of four counts of fraud and was sentenced to two-and-a-half years’ imprisonment.

Between 1993 and 1999 the Former Licensee defrauded four individuals of “a minimum sum of \$650,000 and possibly as high as \$1.34 million.”

REPRIMANDS

WAYNE SHRIGLEY
(“LICENSEE”)

VICTORIA, B.C.

(Life Insurance Agent)

Council determined the Licensee did not act in good faith and in accordance with the usual practice of the business of insurance and ordered the Licensee be:

- fined \$2,500;
- reprimanded; and
- assessed the costs of Council’s investigation.

The Licensee failed to conduct sufficient fact-finding and needs analysis to determine the client’s circumstances, goals and objectives; failed to make full and fair disclosure of all material facts about the insurance transactions to enable the client to make informed decisions; and recommended and facilitated the replacement of the client’s life insurance policies contrary to her best interests.

The client purchased three life insurance policies from the Licensee in the early 1990’s as educational savings plans for her children.

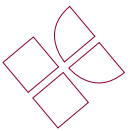
Between 1998 and 2000 the insurer ceased offering the product purchased by the client, but offered existing clients the right to convert their coverage to a new universal life policy. The new policy would provide increased life insurance coverage for a

comparable premium, without any medical underwriting. However, a greater portion of the monthly premium was directed to pay the cost of insurance, resulting in reduced growth within the contract.

The Licensee subsequently facilitated the conversion of the client’s existing policies to the new universal life policies, resulting in an increase of life insurance on each child while maintaining the same monthly premium deposit. Surrender values from the existing policies were put into separate segregated fund contracts for the children.

Other clients of the Licensee benefited from converting their policies, but this client did not. In her case, given that the primary purpose of the insurance was to fund her children’s education, switching to the new policy was not advantageous as more of her monthly premium was used to pay for the insurance.

In making its decision, Council considered the Licensee had been licensed as an insurance agent since 1982 with an unblemished record; no concerns were identified respecting other policy conversions; and his recommendation to direct the surrender values of the original policies into segregated fund contracts was in keeping with the client’s objective.



VOTING COUNCIL MEMBERS

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Giovanni Bitelli, CFP	Life Company
J. Graham Calder, CFP, CLU, CH.F.C., RHU	Life Company
TJ Grewal	Lay Person
Kenneth Hawley, B.Comm, FLMI, CLU, CH.F.C., CFP	Life Agent
Garth Holfeld	Adjuster
David Lyons	General Company
Rick Parent, CIP, CRM	General Agent
E. Dave Pedley	Lay Person
Colin Thompson, AIC	General Company
Gloria Vannan, FCIP	General Agent

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Garth Holfeld	Chairperson
Carl Abbott	Vice-Chairperson
Gloria Vannan	Past-Chairperson

COUNCIL STAFF

Tel: 604-688-0321 ■ Fax: 604-662-7767
Toll-Free Within B.C.: 1-877-688-0321
www.insurancecouncilofbc.com

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PASS IT ON

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