



SERVICE ADVISORY

Council has established a new department, REGULATORY SERVICES, to serve as the initial contact to address general inquiries from Council's stakeholders, including:

- the licensing process;
- errors and omissions insurance;
- continuing education; and
- licensee business practices.

The primary objective of REGULATORY SERVICES is to provide timely and knowledgeable information and guidance to all stakeholders. This change will allow both the Licensing and Compliance departments to focus on handling licence applications, determining the suitability of applicants and licensees and investigating licensee misconduct.

In addition to providing information and guidance, REGULATORY SERVICES will also receive and conduct initial reviews on complaints against licensees to determine whether an investigation is warranted; as well as conduct audits on licensees to ensure continuing education and errors and omissions insurance requirements are being met and proper business practices are being used.

REGULATORY SERVICES has a staff of three Advisors: Komal Danjou; Crystal Bloom and Katharine Nicholson. Collectively, they bring experience from licensing, customer service and the insurance industry. Rob Tanaka, who has been with Council for eight years, will manage the department.

You may ask to speak to any of the REGULATORY ADVISORS by calling our office. Should you have any questions regarding this new department, please contact Rob Tanaka, Manager, at extension 314.

COUNCIL DECISIONS: GENERAL INSURANCE

LICENCE CANCELLATIONS

JAGJIT SINGH CHEEMA
 (“FORMER LICENSEE”)

MISSION, B.C.

(Former Level 2 General Insurance Agent)

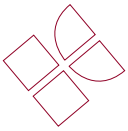
As previously communicated in Council's April 2006 Bulletin, on November 15, 2005, the Former Licensee's insurance licence was cancelled after Council determined he was not trustworthy and did not intend to publicly carry on insurance business in good faith. This matter arose after the Former Licensee improperly accessed the Insurance Corporation of British Columbia's computer terminal to obtain sensitive personal and confidential information about the registered owner of a motor vehicle, with the intention to share such information with a third party he knew to be involved in criminal activity.

The Former Licensee appealed Council's decision to the Financial Services Tribunal (“FST”). On June 15, 2006, the FST ordered Council to do one of the following within 30 days:

1. make a new order and reasons for it which include findings of fact and an explanation for the penalty Council believes is appropriate; or
2. rescind the cancellation of the Former Licensee's licence pending its new order and reasons consistent with paragraph 1 above.

On July 11, 2006, Council deliberated on this matter and again found the Former Licensee was not trustworthy and did not intend to publicly carry on insurance business in good faith and made the following decision:

- the Former Licensee's Level 2 general insurance agent's licence is cancelled for a



minimum period of two years from the date Council's order becomes final;

- the Former Licensee be assessed the costs of Council's investigation into this matter; and
- as a condition of this decision, the Former Licensee is required to pay the above mentioned costs before his licence will be reinstated by Council.

SUSPENSIONS

THOMAS ALAN JEWITT

("LICENSEE")

PRINCE GEORGE, B.C.

(Level 2 General Insurance Agent)

Council determined the Licensee did not act in a trustworthy and competent manner, in good faith and in accordance with the usual practice of the business of insurance and ordered the Licensee:

- be suspended for one month;
- as a condition of his licence, be under direct supervision of his Agency's Nominee. The Nominee must agree to have a condition placed on his/her insurance licence making him/her accountable for the insurance business of the Licensee;
- as a condition of his licence, advise any future employer of the details of Council's investigation;
- as a condition of his licence, successfully complete an errors and omissions course and the ICBC Autoplan Essentials course, within 6 months following the date of Council's order; and
- be assessed the costs of Council's investigation.

The Licensee facilitated the registration and insurance for a vehicle in a manner other than as agreed to by the registered owner of the vehicle and prepared a false vehicle registration form, which he knew would be used to obtain financing on the vehicle.

CONDITIONS

SPECIAL RISK INSURANCE BROKERS LTD.

("AGENCY")

WHITE ROCK, B.C.

(General Insurance Corporate Agent)

RAYMOND EDWARD WILLIE

("NOMINEE")

WHITE ROCK, B.C.

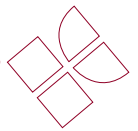
(Former Level 3 General Insurance Nominee)

(Current Level 2 General Insurance Agent)

Council determined that the Agency and the Nominee did not act in a competent manner and in accordance with the usual practice of the business of insurance, and ordered that:

- the Nominee's licence be downgraded to a Level 2 general insurance agent's licence for a minimum period of five years;
- as a condition of the Agency's licence and for a minimum period of five years:
 - the Nominee is not permitted to be a director or officer of the Agency;
 - any share holdings, which provide the Nominee with a direct or indirect interest in the Agency, be held in a blind trust;
 - the Agency appoint a director who meets Council's approval; and,
 - the Agency and its employees will not solicit, obtain or take applications for insurance, negotiate for or procure insurance, for any person with an insurer that is not authorized to engage in insurance business in Canada;
- the Nominee be fined \$10,000;
- the Agency be fined \$20,000; and,
- the Nominee and the Agency be assessed the costs of Council's investigation.

The Agency primarily acts as a wholesaler of general insurance, providing other insurance brokers with a market for coverage on commercial risks that are difficult to place. In 2002, the



Agency and Nominee introduced an unauthorized off-shore insurer into the Canadian insurance market and placed insurance coverage with the insurer on behalf of other insurance brokers. In doing so, the Agency and Nominee failed to conduct sufficient due diligence to verify that the insurer was a viable and legitimate entity, that it could meet claim payment obligations on policies issued in Canada, and that placing insurance coverage on its behalf was in the public's best interest. At minimum, the Agency and Nominee should have obtained additional objective and reliable third party information about the insurer, rather than relying primarily on information and documentation about the insurer provided by the insurer's officials.

The Agency and Nominee were in possession of information pertaining to the insurer, prior to or upon commencement of their dealings with this entity, that would have caused concern for a competent agent and led to more due diligence being conducted before placing coverage on its behalf in Canada. Such information included:

- the insurer's financial statements over two years showed that it was essentially capitalized by gemstones and South American corporate bonds (collateralised against land based in Costa Rica), and that in each of these years, its cash position was less than \$35,000; and,
- that the insurer was not regulated as an insurer in any jurisdiction worldwide.

In a separate but related matter, Council also found that the Agency and the Nominee failed to ensure there was an adequate level of supervision at one of the Agency's branch offices. In particular, the branch office failed to maintain proper books and records, and the Nominee was unaware this branch office had engaged in certain property/casualty insurance business. The Nominee had previously been advised of information respecting the branch office which should have compelled him to closely monitor it and ensure that it was properly managing its insurance business.

Overall, the concerns with the Agency and the Nominee primarily centred around the supervision and management of the Agency. On this basis,

Council believed that a change in the Agency's supervision and management structure could address the concerns and restore the level of public protection provided for in the *Financial Institutions Act*.

REPRIMANDS

RALPH HENRY LIBBY (“LICENSEE”) **VICTORIA, B.C.**

(Level 3 General Insurance Nominee)

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

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

The Licensee improperly disclosed his Insurance Corporation of British Columbia extranet user identification and password to a third party computer service provider who was contracted by his agency.

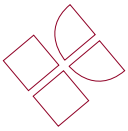
WILLIAM CRAIG BLACKWOOD (“LICENSEE”) **RICHMOND, B.C.**

(Level 2 General Insurance Agent)

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

- reprimanded;
- required to successfully complete an errors and omissions seminar offered through the Insurance Brokers Association of British Columbia, or an equivalent course as determined by Council; and
- assessed the costs of Council's investigation.

The Licensee failed to advise a client that the insurance the client had requested could not be placed for the amount quoted. The client had requested the lowest possible premium and was not



overly concerned with contents coverage but required the insurance in order to secure a mortgage on his home. Based on this, the Licensee unilaterally instructed the insurer to reduce the contents coverage without the client’s knowledge or consent, in order to reflect the premium he had initially quoted.

WENDY FRANCES LYNN JOPLING
(“LICENSEE”)

LANGLEY, B.C.

(Level 1 General Insurance Salesperson)

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

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

The Licensee, at the request of her brother, signed her brother’s name on an Insurance Corporation of British Columbia document to facilitate an insurance transaction on his vehicle.

FINES

BRUCE THOMAS BROOK
(“APPLICANT”)

ABBOTSFORD, B.C.

(Level 3 General Insurance Nominee)

TOMERRO GROUP ENTERPRISES INC.
(“AGENCY”)

ABBOTSFORD, B.C.

(General Insurance Corporate Agent)

While previously licensed, the Applicant failed to notify Council within 5 business days that he and his Agency had not acquired the mandatory errors and omissions (“E&O”) insurance by January 1, 2006 as required. The Applicant continued to conduct insurance activities after he knew or ought to have known his licence and the Agency licence were automatically suspended because there was no E&O insurance coverage in place. In May 2006, the Applicant obtained E&O coverage and reapplied for his and the Agency’s licences, which were subsequently issued.

Council found the Applicant was aware of the Council Rule requiring he and his Agency have the minimum E&O insurance coverage. The Applicant acknowledged that he had attempted to obtain E&O insurance but had left it to the last minute and had not been successful in obtaining coverage.

Council determined the Applicant and the Agency had acted in breach of a licence condition by continuing to operate as insurance agents without E&O insurance and ordered:

- the Agency be fined \$1,000; and
- the Applicant be fined \$1,500.

GREGORY JAMES GILDING
(“NOMINEE”)

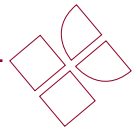
BURNABY, B.C.

(Level 3 General Insurance Nominee)

Council determined the Nominee did not act in a competent manner and in accordance with the usual practice of the business of insurance and ordered the Nominee be:

- fined \$1,000;
- required to successfully complete the following:
 - Autoplan Basics for Brokers course; and
 - an errors and omissions seminar offered through the Insurance Brokers Association of British Columbia, or an equivalent course as determined by Council; and
- assessed the costs of Council’s investigation.

Council found that the Nominee processed an Insurance Corporation of British Columbia (“ICBC”) renewal transaction on a leased vehicle and made changes to the coverage without first obtaining a letter of authorization from the lessor (the registered owner of the vehicle). He also allowed unsigned ICBC documents to leave the agency office, and therefore he could not verify they had been signed by a person with signing authority.



COUNCIL DECISIONS: LIFE INSURANCE

SUSPENSIONS

JOHN JEREMY DAVIDSON

(“LICENSEE”)

LADNER, B.C.

(Life Insurance Agent)

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

- fined \$1,000;
- suspended for 30 days; and
- assessed the costs of Council’s investigation.

In early 2003, the Licensee was contacted by Slavica Nukmanovic (“Nukmanovic”), an unlicensed former life insurance agent, about referring individuals to him for insurance business. Nukmanovic indicated she was in financial difficulty and was not currently licensed as a life insurance agent, but was in the process of becoming licensed. The Licensee agreed to accept referral business from her on the understanding he would complete the applications for insurance, remit them to the appropriate insurers and provide her with a percentage of the applicable commission. As the applicants for life insurance were Croatian and did not speak or understand English well, it was agreed that Nukmanovic would attend the initial appointments with the applicants to assist with language translation.

Despite the aforementioned agreement, Nukmanovic began meeting with clients and completing insurance applications without the Licensee being present. When the Licensee objected, he was informed by Nukmanovic that his participation was not required as he did not understand the language being spoken. Nukmanovic met with seven different applicants on her own and presented completed applications to the Licensee to witness the applicants’ signatures and process the applications.

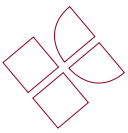
Although the Licensee initially declined to work with Nukmanovic in this fashion, he was persuaded that his concerns would be addressed when the policies were delivered. When this did not happen, the Licensee ceased all association with Nukmanovic, cancelled any pending business and attempted to meet with each applicant to ensure they were satisfied with the coverage they had requested.

The Licensee’s intent in this matter was to assist a peer, who led him to believe she was in dire financial circumstances and without a means of support. Notwithstanding, the Licensee failed to act in good faith and in accordance with the usual practice of the business of insurance by:

1. signing as “witness” to applicants’ signatures on insurance transactional documentation without having witnessed the applicants sign their names;
2. signing as agent of record on applications for insurance and remitting the applications to insurers for placement of coverage without having met the applicants; and
3. accepting applications for insurance which had been solicited and completed by an unlicensed person and compensating that person for the business.

All licensees are reminded that if they intend to work jointly with another agent or brokerage, they must take adequate steps to ensure the other party is properly licensed. This applies to all agents, including general insurance licensees who place coverage for clients through a sub-brokering process. Using the *Search Licensee* section on our website, you may determine if an individual is licensed with Council.

Licensees should also be aware that it is an offence to pay or allow to be paid, or offer or promise a commission or other compensation to an unlicensed person for acting as an insurance agent.



REPRIMANDS

THEODORE YOUSIYA NITTA
(“NOMINEE”)

RICHMOND, B.C.
(Life Insurance Nominee)

TED Y. NITTA INSURANCE SERVICES AND FINANCIAL SERVICES LTD. DBA

TED Y. NITTA & ASSOCIATES
(“AGENCY”)

RICHMOND, B.C.
(Life Insurance Corporate Agent)

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

- the Nominee be reprimanded;
- the Agency be reprimanded;
- the Nominee and the Agency have the following condition placed on their insurance licences for a minimum of two years from the date Council’s order takes effect:
 - without the prior written approval of Council, the Nominee and the Agency will not promote, market, or solicit any financial products or services which are unregulated or exempt from regulation; and
- the Nominee be assessed the costs of Council’s investigation.

Council’s order arose from the following conduct:

- the Nominee and the Agency were involved in raising capital for investment companies by assisting clients to invest in guaranteed investment deposits (“GID”);
- the Nominee and the Agency channelled clients’ GID investment monies through the Agency although the investments were not a form of insurance; and
- the Nominee and the Agency issued GID account statements on Agency letterhead to clients. Insurance terminology was used to describe the investments, which was misleading.



CAUTION

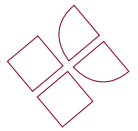
Warning: The use of any information in this Bulletin to discredit another licensee, or any other person, is not permitted and may result in disciplinary action against a licensee using the information in such a manner.

MARTIN RAYMOND HALL
(“LICENSEE”)

VICTORIA, B.C.
(Life Insurance Agent)

Council determined the Licensee’s actions as a securities registrant brought into question his ability to carry on the business of insurance in a competent manner, that he made a material misstatement on an insurance application and that he failed to notify Council of disciplinary action taken against him by the British Columbia Securities Commission (“BCSC”) within five business days and ordered the Licensee:

- be reprimanded;
- have the following condition placed on his insurance licence until November 25, 2006:
 - the Licensee must appoint a life insurance agent with a minimum of five years experience as a life agent, subject to approval by Council, to supervise and be accountable for any solicitations involving current or future leveraged insurance programs. The “supervising” life agent will have a condition placed on his/her insurance licence making him/her accountable for the actions of the Licensee in this regard; and
- be assessed the costs of Council’s investigation.



In November 2005, an order was made under the *Securities Act* barring the Licensee from trading securities, other than mutual funds, for a three year period, and placing conditions on his securities registration. The order arose from findings made by the BCSC that the Licensee had recommended leveraged investment strategies to his clients, which were not suitable for them given their overall financial circumstances.

Council reviewed the issue of the Licensee’s suitability to hold an insurance licence and determined that, with conditions, it would not be contrary to the public interest to permit the Licensee to remain licensed. Council based its decision, in part, on the following factors:

- the Licensee had been licensed in good standing as an insurance agent for approximately 26 years;
- the Licensee’s insurance clients were not prejudiced as a result of his conduct as a securities registrant;
- the nature of the Licensee’s insurance business did not involve the use of leveraging strategies; and
- the BCSC had not found the Licensee unfit to continue to practice as a mutual fund salesperson.

FINES

DANA GABRIELA CIOCAN
 (“LICENSEE”)
BURNABY, B. C.
(Life Insurance Agent)

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

- fined \$1,000.

Council found the Licensee signed as “witness” on eight insurance applications without having been present when the applications were signed.

FREDERICK STEVEN MELNYK
 (“LICENSEE”)
DELTA, B.C.
(Life Insurance Agent)

An audit of the Licensee’s continuing education credits for his 2005 licence renewal revealed he had knowingly provided a false and misleading statement when he reported his continuing education credits.

The Licensee claimed 60 hours for acting as an internet instructor and exam assistant and, while he had done all the research and preparation for the course, he had neither instructed the course nor assisted with exam studies.

Council found the Licensee lacked a proper understanding of continuing education requirements, and while acknowledging his actions and efforts in preparing for the course were reasonable, Council concluded the Licensee had made a material misstatement on his 2005 licence renewal and ordered the Licensee be:

- fined \$250.

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.