

IN THE MATTER OF THE *FINANCIAL INSTITUTIONS ACT*
(RSBC 1996, c.141)
(the “Act”)

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
 (“Council”)

and

KARAMJIT SINGH RAJWAN
(the “Licensee”)

ORDER

As Council made an intended decision on May 25, 2021 pursuant to sections 231, 236 and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons and notice of the intended decision dated July 6, 2021; and

As the Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

Under authority of sections 231, 236 and 241.1 of the Act, Council orders that:

1. The Licensee’s life and accident and sickness (“Life Agent”) licence is suspended for a period of one year, commencing on July 23, 2021 and ending at midnight on July 23, 2022, provided all requirements set out below are met;
2. The Licensee is required to complete the Council Rules Course, currently available through Advocis, prior to the licence suspension being lifted;
3. The Licensee is required to complete the Advocis “Making Choices I, II, & III: Ethics and Professional Responsibility in Practice” courses, or equivalent courses as acceptable to Council, prior to the licence suspension being lifted;
4. A condition is imposed on the Licensee’s Life Agent licence that requires him to be supervised for a period of twenty-four months of active licensing by a qualified Life Agent supervisor, as approved by Council, commencing when the licence suspension has been lifted;

5. The Licensee is fined \$5,000, due and payable by October 21, 2021;
6. The Licensee is assessed Council's investigative costs of \$1,625, due and payable by October 21, 2021; and
7. A condition is imposed on the Licensee's Life Agent licence that requires him to pay the above-ordered fine and investigative costs in full prior to the licence suspension being lifted.

This order takes effect on the **23rd day of July, 2021.**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

KARAMJIT SINGH RAJWAN

(the “Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation regarding allegations that the Licensee failed to provide a life insurance company (the “Insurer”) with accurate information about an applicant – his spouse (the “Spouse”) – and knowingly sold insurance policies to the Spouse when she was not eligible for coverage, based on the Insurer’s underwriting rules.
2. Council also reviewed several suspicious insurance claims involving employees working at the Spouse’s cleaning business (the “Business”). Specifically, the Licensee sold numerous policies to the Business’s employees who later made accident injury claims to the Insurer while employed at the Business. On the claims forms made by the employees, the Licensee was the signatory and identified as the Business’s Operations Manager/Supervisor.
3. The Insurer determined that the Licensee sold policies to the Business’s employees and then later validated their subsequent injury claims as the Business’s Operations Manager/Supervisor.
4. The Insurer also identified concerns regarding the Claim Loss Ratio (“CLR”) associated with the policies which the Licensee sold from January 2018 onwards. The Insurer deemed the CLR to be excessive and above a ratio considered acceptable. Specifically, a loss ratio analysis of the claims costs against the premiums received on the policies sold by the Licensee found that the ratio was over 200%. This meant that the claims of the Licensee’s clients were costing the Insurer twice as much as the amount of the premiums the Insurer was receiving from the clients.
5. On March 23, 2021, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met with the Licensee via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Committee and the Licensee in advance of the meeting. A discussion of

the investigation report took place at the meeting, and the Licensee was given an opportunity to make submissions and provide further information.

6. Having reviewed the investigation materials and having discussed the matter with the Licensee at the March 23, 2021 meeting, the Committee prepared a report for Council.
7. The Committee's report was reviewed by Council at its May 25, 2021 meeting. Council determined that the matter should be disposed of in the manner set out below.

PROCESS

8. Pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take under sections 231, 236 and 241.1 of the Act before taking any such action. The Licensee may then accept Council's decision or request a formal hearing. This intended decision operates as written notice of the action Council intends to take against the Licensee.

FACTS

9. The Licensee was licensed with Council as an accident and sickness insurance agent from April 11, 2014 to November 19, 2015. The Licensee has been licensed with Council as a life and accident and sickness insurance agent ("Life Agent") since November 19, 2015. At all material times, the Licensee held an unaffiliated authority to represent with a life insurance agency.
10. On July 11, 2019, Council staff received information from the Insurer which stated that the Licensee's contract with the Insurer was terminated on July 10, 2019 due to violations of the company's policies.

Licensee's Failure to Disclose Material Medical Information

11. On July 12, 2014, August 2, 2014, May 18, 2015, and January 2016 the Licensee submitted policy applications for his Spouse stating that his Spouse had not been diagnosed with [REDACTED]. This information was contrary to 2013 and 2014 medical records obtained by the Insurer which confirmed the Spouse's diagnosis of [REDACTED]. As a result, the Insurer cancelled the policies for failure to disclose material medical information ([REDACTED]).

The Licensee as the Operations Supervisor/Manager for the Business

12. On January 26, 2019, the Licensee signed his Spouse's accident disability claim as the Business's Supervisor. On March 7, 2019, the Licensee signed a supplemental form, as the

- Business's Supervisor, certifying his Spouse's absence from work. On May 3, 2019, the Licensee sent a letter to the Insurer on the Business's letterhead, as the Business's Operations Supervisor/Manager, confirming the Spouse's absence from work.
13. In 2018, the Licensee sold two insurance policies to a Business employee, HS. On March 7, 2019, the Licensee signed HS's claim as the Business's Supervisor. On May 3, 2019, the Licensee sent a letter to the Insurer as the Business's Operations Supervisor/Manager confirming HS's absence from work.
 14. On July 2, 2018, the Licensee submitted a policy application for a Business employee, MC. On March 8, 2019, the Licensee signed MC's claim as the Business's Supervisor.
 15. On November 5, 2018, the Licensee sold a policy to a Business employee, JS. On January 21, 2019, the Licensee signed JS's claim as the Business's Supervisor.
 16. On October 3, 2018, the Licensee sold five policies to a Business employee, JB. On February 9, 2019, the Licensee signed JB's claim as the Business's Supervisor. On March 28, 2019, the Licensee sent a letter to the Insurer on the Business's letterhead, as the Business's Operations Supervisor/Manager, confirming JB's absence from work.

Council's Interview with the Licensee

17. On August 27, 2020, Council's investigator conducted an audio recorded interview of the Licensee.
18. The Licensee claimed he was unaware that his Spouse had [REDACTED] at the time of the policy applications, and stated that whatever answer his Spouse gave him was what he wrote on the applications. The Licensee confirmed his signature was on the policy application but claimed he did not become aware that his Spouse was [REDACTED] until approximately early 2019.
19. The Licensee downplayed his role in the Business and stated that he helped his Spouse by engaging in voluntary work with the Business which consisted of cleaning, completing paperwork such as writing cheques, signing paperwork, and supervising. While the Licensee claimed he got paid for his work at the Business in 2017, he stated it was only for approximately 2-4 months. The Licensee stated he did not report his Business earnings as taxable income.
20. The Licensee admitted that signing letters dated March 28, 2019 and May 3, 2019 to the Insurer as the Business's Operations Supervisor/Manager was a conflict of interest.

Review Committee Meeting

21. The Licensee confirmed that he and his Spouse have been married for 30 years but again claimed he did not initially know that his Spouse had [REDACTED].
22. The Licensee was unable to explain why he continued to sign and submit policy forms after learning that they had been rejected by the Insurer for failing to disclose material information about his Spouse's [REDACTED].
23. The Licensee reiterated that he signed the documents without any real consideration of what he was signing and did so because his Spouse asked him to do so.
24. The Licensee again downplayed his role with the Business, stating that it was his Spouse's company and he was simply helping out as an advisor. The Licensee admitted that he made the wrong decision to sign the claims forms as the Business's Supervisor and acknowledged the conflict of interest.

ANALYSIS

25. Council has concluded that the Licensee made improper use of his position and knowledge for personal benefit. Specifically, the Licensee knowingly used his position as a "supervisor" with the Business (his Spouse's company) to sell policies to employees and then knowingly submitted the claims forms to the Insurer while representing himself as the employees' supervisor.
26. In addition, with respect to the conflict of interest issue, the Licensee made no prior disclosure to the Insurer of his relationship with the Business and/or its employees/claimants, who were his clients, and did not seek consent from the Insurer to operate in the manner in which he did.
27. Council was troubled by the fact that the Licensee continued to place policies for his Spouse after the policies had been cancelled by the Insurer for failure to disclose material medical information ([REDACTED]). Clearly, there was a point at which the Licensee knew or should have known of his Spouse's medical condition, yet chose to attempt to withhold that information from the Insurer.
28. Council found that the Licensee's continued denial of his knowledge of his Spouse's [REDACTED] was an aggravating factor which spoke to his credibility generally and further underpinned Council's finding that the Licensee made improper use of his position and knowledge for personal benefit.

29. Finally, Council did not accept the Licensee's evidence regarding his limited involvement in the Business. Council found that the Licensee used the Business and its employees as a source to mine insurance business and to place policies with the Insurer, and then knowingly represented himself as a supervisor of the Business to facilitate claims against the Insurer. Not only was Council troubled by the clear conflict of interest the Licensee engaged in, but Council found that the Licensee's lack of disclosure spoke to his honesty and ability to act in good faith. Again, Council found this to be an aggravating factor.
30. Council gave consideration to relevant mitigating factors and found that few mitigating factors were identified. It was noted that the Licensee had no previous discipline history in British Columbia.
31. Council considered the application of Council's Code of Conduct to the Licensee's conduct, including section 3 ("Trustworthiness"), section 4 ("Good Faith"), and section 8 ("Usual Practice: Dealing with Insurers"), as well as of the "Conflict of Interest Guidelines" in Appendix A of the Code of Conduct. Council found the Licensee's conduct to amount to clear and egregious breaches of the Code of Conduct sections noted above, and determined that the Licensee had demonstrated a profound disregard for the behavioral and professional standards set by the Code.
32. Prior to making its recommendation, Council took two precedent decisions into consideration. While Council recognized that it is not bound by precedent and that each matter is decided on its own facts and merits, Council found that the matters of *Paul William Moore* (January 2019) and *Pamela Peen Hong Yee* (June 2019) were instructive in terms of providing a range of sanctions for similar misconduct.
33. *Paul William Moore* (January 2019), concerned a Life Agent licensee who was also a financial management advisor with the Canadian Securities Institute. Council found that the licensee engaged in churning activities, conducted trades without client consent, engaged in unauthorized trading, and altered a client's trading authorization form in order to conduct a trade for another transaction. The licensee admitted he created a forged document and kept blank, pre-signed forms to conduct trades. Council determined that the licensee's actions were incompetent "at best" and did not meet the standards expected of a licensee. Council held that engaging in unauthorized trades for convenience or to benefit one's self is unacceptable, and does not meet the standard of conduct required. Council imposed a condition on the licensee's licence requiring him to be supervised for 12 months, fined him \$7,500, required him to complete the Council Rules Course and an ethics course within 12 months, and assessed him investigative and hearing costs of \$3,875 and \$7,920.40, respectively.

34. *Pamela Peen Hong Yee* (June 2019) concerned a former Life Agent licensee alleged to have submitted a life insurance application for a policy on a client's behalf without their knowledge or consent. Additional allegations included that the former licensee misrepresented the client's financial and medical circumstances in the life insurance application, improperly attempted to influence the client to keep the policy after the client declined to proceed with the insurance, and failed to maintain adequate records. Council concluded that the former licensee's misconduct required a period of licence cancellation as well as a fine, and that a longer period of cancellation was warranted given the former licensee's prior history of misconduct. As such, Council cancelled the former licensee's licence with no opportunity for relicensing for a two year period, fined her \$5,000, and assessed her investigative and hearing costs of \$1,862.50 and \$20,209.10, respectively.
35. Overall, in the present case, Council found the Licensee to be not credible and concluded that he acted in the described manner for his own benefit, contrary to the Code of Conduct. Specifically, the Licensee knowingly placed policies for his Spouse, who he knew or should have known was not eligible for insurance, and knowingly sold policies to the Business employees and then knowingly represented himself as a supervisor of the Business in order to facilitate their claims against the Insurer.
36. As stated, Council views the Licensee's conduct as amounting to serious breaches of multiple sections of the Code of Conduct. Council considers it necessary to address the Licensee's actions with significant sanctions. In consideration of the seriousness of the Licensees' misconduct, the precedent decisions, the principles of specific and general deterrence, and the need to maintain public confidence in the insurance industry, Council has decided it is necessary to suspend the Licensee's Life Agent license for one year, require the Licensee to complete remedial education courses, and require the Licensee to be supervised by a qualified Life Agent approved by Council for a two-year period commencing after the license suspension has been completed.
37. Council has also determined that the seriousness of the misconduct justifies the imposition of a \$5,000 fine on the Licensee.
38. With respect to the investigation costs, Council has concluded that these costs should be assessed to the Licensee. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear the costs of their discipline proceedings, so that those costs are not otherwise borne by British Columbia's licensees in general.

INTENDED DECISION

39. Pursuant to sections 231, 236 and 241.1 of the Act, Council made an intended decision to:
- a) Suspend the Licensee's Life Agent license for a period of one year, commencing on the date of Council's order;
 - b) Require the Licensee to complete the Council Rules Course, currently available through Advocis, prior to the licence suspension being lifted;
 - c) Require the Licensee to complete the Advocis "Making Choices I, II & III: Ethics and Professional Responsibility in Practice" courses, or equivalent courses as acceptable to Council, prior to the licence suspension being lifted;
 - d) Impose a condition on the Licensee's Life Agent license that requires him to be supervised by a qualified Life Agent approved by Council for a two-year period of active licensing, commencing when the licence suspension has been lifted;
 - e) Fine the Licensee \$5,000;
 - f) Assess the Licensee Council's investigative costs of \$1,625; and
 - g) Impose a condition on the Licensee's Life Agent license that requires the Licensee to pay the above-ordered fine and investigative costs within 90 days of Council's order. The fine and investigative costs must be paid in full prior to the licence suspension being lifted.
40. Subject to the Licensee's right to request a hearing before Council pursuant to Section 237 of the Act, the intended decision will take effect after the expiry of the hearing period.

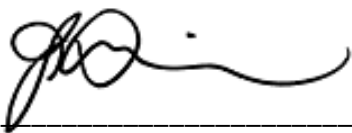
RIGHT TO A HEARING

41. If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, **the Licensee must give notice to Council by delivering to its office written notice of this intention within 14 days of receiving this intended decision.** A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director. **If the Licensee does not request a hearing**

within 14 days of receiving this intended decision, the intended decision of Council will take effect.

42. Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the British Columbia Financial Services Authority (“BCFSA”) still has a right of appeal to the Financial Services Tribunal (“FST”). The BCFSA has 30 days to file a Notice of Appeal, once Council’s decision takes effect. For more information respecting appeals to the FST, please visit their website at www.fst.gov.bc.ca or visit the guide to appeals published on their website at www.fst.gov.bc.ca/pdf/guides/ICGuide.pdf.

Dated in Vancouver, British Columbia on the 6th day of July, 2021.

A handwritten signature in black ink, appearing to be 'JS', written over a horizontal line.

Insurance Council of British Columbia
Janet Sinclair, Executive Director