

In the Matter of the

FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141
(the “Act”)

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

and

COLIN GORDON BROWN
(the “Former Licensee”)

ORDER

As Council made an intended decision on December 10, 2024, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Former Licensee with written reasons and notice of the intended decision dated February 10, 2025; and

As the Former 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 Former Licensee is fined \$5,000, to be paid by June 4, 2025;
- 2) The Former Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, prior to being licensed again in the future:
 - i. the Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. the Insurance Brokers Association of British Columbia’s Errors and Omissions Prevention for New Brokers course;
 - iii. the Ethics and the Insurance Professional course, available through the Insurance Institute of Canada;
 - iv. the Nominee Responsibilities and Best Practices course for general insurance and adjusters; and
 - v. the Supervision Course for General Insurance Agents;

(collectively, the “Courses”)

- 3) A condition is imposed on any future licence issued to the Former Licensee that he is prohibited from serving as a nominee until he has been actively licensed for two years;
- 4) The Former Licensee is assessed Council’s investigation costs of \$1,468.75, to be paid by June 4, 2025; and
- 5) Council will not consider an application for an insurance licence from the Former Licensee until the fine and investigation costs are paid in full and the Courses have been completed.

This order takes effect on the **6th day of March, 2025**

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

Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

COLIN GORDON BROWN

(the “Former Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Former Licensee, a nominee at the material time, shared responsibility for an incident that involved a failure to renew a client’s insurance policy, and subsequent efforts to mislead the client about that failure to renew, which included the issuance of falsified documents. The investigation also examined whether the Former Licensee had failed, more generally, to ensure appropriate supervisory oversight and whether he had allowed a level 1 general insurance salesperson (“Level 1 Salesperson”) to breach the restrictions on their licence established by the Council Rules.
2. On September 12, 2024, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Committee and the Former Licensee in advance of the meeting. The Former Licensee was invited to attend the meeting for an interview with the Committee but chose not to attend.
3. Having reviewed the investigation materials and discussed the matter at the September 12, 2024, meeting, the Committee prepared a report for Council that was reviewed by Council at its December 10, 2024, meeting. Council determined that the matter should be disposed of in the manner set out below.

PROCESS

4. Pursuant to section 237 of the Act, Council must provide written notice to the Former Licensee of the action it intends to take under sections 231, 236 and 241.1 of the Act before taking such action. The Former 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 Former Licensee.

FACTS

5. The Former Licensee was licensed with Council as a Level 2 general insurance agent (“Level 2 Agent”) in March 1996 and then as a Level 3 general insurance agent (“Level 3 Agent”) as of October 2002. He was the nominee of Alteri Insurance Brokers Inc. (the “Agency”) from October 2017 to October 2023. His licence was cancelled for non-renewal in August 2024.
6. On December 2, 2021, Council received an email from the strata council of a strata property (the “Strata”), which alleged that Amanprit Singh Ghaug (“Ghaug”), an insurance agent representing the Agency, was not responding to the Strata’s property manager’s (the “Property Manager”) requests to provide proof of insurance coverage. The renewal was to have taken place on April 4, 2021. It was alleged that in September 2021 the Strata had suffered a water damage claim and the Property Manager was having difficulty opening the claim through the insurer (“Insurer One”) that had provided their previous year’s insurance, although the Agency had stated that the Strata’s policy had been renewed.
7. The Strata submitted that the Property Manager repeatedly asked Ghaug and the Agency for assistance opening a claim, but that they were slow to respond. Ghaug did not return phone calls, and it was not until the Strata threatened to involve the police that Ghaug admitted there was a problem and the Agency agreed to open a claim through their errors and omissions insurance (“E&O”) policy in October 2021.
8. Documents that appear to have been falsified were provided to the Strata by the Agency. The Strata received a document in April 2021 that purported to show insurance coverage in effect from April 4, 2021, to April 4, 2022 (the “Insurer One Document”). Although the document closely resembles declaration pages that would be created by Insurer One, and shows an Insurer One policy number, there are no insurance companies named in the document.
9. On December 6, 2021, the Strata sent Council a document that consists of declaration pages that appear to have been produced by another insurer (“Insurer Two”). This document (the “Insurer Two Document”) was sent to the Strata on December 6, 2021, by Joshua Krenus (“Krenus”), an insurance licensee who was also the sole director, major shareholder and CEO of the Agency at the time. The policy number on this document is different from that on the Insurer One Document; the coverage dates, however, are the same, and indicate that coverage is effective from April 4, 2021, to April 4, 2022.
10. On January 17, 2022, Insurer Two provided Council with a copy of the authentic declaration pages. Insurer Two noted that the policy effective date is November 26, 2021, not April 4, 2021, and also noted several inconsistencies in the formatting and information in the Insurer Two Document.
11. Between February 2021 and October 2021, Insurer One made multiple requests for underwriting details concerning the Strata from Ghaug and the Agency.

12. Commencing on June 4, 2021, the Property Manager began asking Ghaug and/or the Agency to provide the policy documentation and invoice in relation to the Insurer One Document. Subsequently, an invoice dated August 10, 2021, in the amount of \$58,591 was sent to the Strata. A renewal payment agreement dated August 18, 2021, which referenced the premium owed, was also provided.
13. On September 8, 2021, Ghaug sent to the Property Manager a financing agreement dated August 18, 2021, on the Agency's letterhead. The agreement stated that the total premium was \$58,591, the initial payment was \$5,059.33, the plan cost was \$2,779.64, and that there were 11 monthly payments of \$5,119.21.
14. On January 28, 2022, Council received a letter from the Property Manager, which indicated that although there had been a miscommunication between all involved, the Agency had taken responsibility and repairs for the water damage claim had been completed, and their relationship remained in good standing.

Investigation of the Former Licensee

15. The Former Licensee was investigated by Council to determine if, as the Agency's nominee during the material time period, he shared culpability for the failure to renew the Strata's insurance, and the subsequent events.
16. In addition to investigating the Former Licensee's involvement with the issues relating to the failure to renew the Strata's insurance, the investigation also identified a lack of supervision at the Agency. In particular, the evidence indicated that Krenus, who was the Agency's owner and CEO at the time, was conducting, without any meaningful supervision, insurance business that should have been supervised by a Level 2 Agent or Level 3 Agent. Krenus was licensed as a level 1 general salesperson ("Level 1 Salesperson") and as such was subject to the restrictions imposed on Level 1 Salespersons by Council Rule 6(1).
17. In the course of the investigation, Krenus submitted to Council staff that the Strata's insurance renewal had been missed due to a data-entry error that resulted from the Agency's broker management system showing the policy as renewed when it was not. The error was not brought to the Agency's attention until July 2021, when the Property Manager emailed the Agency to request policy documentation. Ghaug then reached out to Insurer One to ask it if was still "okay with their original allotment."
18. According to Krenus, Ghaug was notified of the loss on August 28, 2021, and Insurer One had not yet confirmed their position at that time. In October 2021, Insurer One confirmed that they were not willing to provide coverage. Krenus then took action to contact the Agency's E&O provider; the Agency was ultimately able to retain full coverage and terms from Insurer Two, which the Agency paid for with the premiums it had been paid by the Strata.

19. In September 2023, Council staff requested clarification from Krenus about his involvement with the Agency, the Strata complaint, and the altered declaration pages. In response, Krenus described himself as, during the material time, “assist[ing] agents with support on the administrative side so that they could focus on their new and renewal business.” As examples of his role, he cited “providing renewal lists, taking payments, generating leads, and keeping the office running.”
20. Correspondence between Krenus and Council staff continued through October and November 2023. When asked about the altered insurance documents, Krenus stated that Ghaug was the agent who gave him those documents but that he was “not aware of the agent or employee who made the alteration to the document(s) in question.” Krenus also explained that a new nominee had been responsible for the Agency’s insurance activities since November 2023.
21. In November 2023, the Former Licensee stated, in response to questions from Council staff, that although he had been Krenus’ mentor “at the start of Alteri,” by the time of the events at issue, Krenus “was the full administrative leader of a small group.” He explained that “Although I still came into the office a couple of times a month for lunch and learns, I was less involved. I also came into the office for various proctoring assignments for advisors writing exams.” The Former Licensee confirmed that the failure to renew had happened due to a clerical error and told Council staff that he had “no relationship” with the Agency now.
22. In response to a question about who was responsible for the altered documents, the Former Licensee stated that he had discussed the matter with both Krenus and Ghaug, and both said that they did not know who did it. He had no further knowledge of who created the altered documents.

ANALYSIS

23. Council has concluded that the Former Licensee, as nominee of the Agency at the material time, shares responsibility for the misconduct that occurred concerning the Strata’s unexpired insurance and the subsequent events. As nominee, the Former Licensee was, per Council Rule 7(6), “responsible to Council for all activities of the insurance agency.” The Committee believes that the Former Licensee’s actions, or lack of action in some cases, amounted to breaches of Code of Conduct sections 4 (“Good Faith), 5 (“Competence”) and 13 (“Compliance with Governing Legislation and Council Rules”).
24. Council also considers Council Rule 7(14) to have been breached, which requires that “Every general insurance nominee and general insurance agency must ensure that all insurance activities are actively supervised by a licensed level 3 general insurance agent.” In addition, by failing to ensure appropriate supervision at the Agency, the Former Licensee facilitated a breach by Krenus of the restrictions that Council Rule 6(1) places on Level 1 Salespersons.
25. Section 5 is the Code of Conduct breach that Council considers most significant in the circumstances. The Former Licensee, as the nominee at the material time, did not adequately oversee insurance

activities at the Agency. As the Former Licensee acknowledged in his own submissions, his involvement with the Agency was very limited at the time. The evidence suggests that he allowed Krenus to act as a *de facto* nominee and make decisions about insurance issues that should have been addressed by the nominee – or at least by a Level 2 Agent or Level 3 Agent – rather than by a Level 1 Salesperson. Overall, there was a lack of supervision and oversight at the Agency, which Council considers significant enough to amount to a breach of section 5 as well as of Council Rule 7(14).

26. Council considers section 4 of the Code of Conduct, which requires that licensees “owe a duty of good faith to insurers, insureds, fellow licensees, regulatory bodies and the public” to have been breached. By failing to provide adequate oversight, the Former Licensee contributed to a situation at the Agency that was contrary to the best interests of clients, insurers, and other licensees. The Committee believes, based on the evidence, that Ghaug was put into a difficult situation without proper supervision or support and that much of what occurred could have been obviated by adequate oversight. Krenus was also adversely affected by the absence of proper oversight at the Agency; as nominee, the Former Licensee should have made efforts to ensure that Level 1 Salespersons, including Krenus, were adhering to the restrictions established by Council Rule 6(1).
27. Section 13 of the Code of Conduct states that licensees “must be aware of and comply with [their] duties and obligations under the Act, the *Insurance Act*, the Rules and the Code.” The Committee has concluded that this section was also breached, as the Former Licensee was seemingly unaware of the duties and obligations that accompany being a nominee, and as such failed to comply with them.

PRECEDENTS

28. Prior to making its intended decision, Council took into consideration several past decisions of Council in cases that involved a lack of or inadequate supervision. While Council is not bound by precedent and each matter is decided on its own facts and merits, Council found that these decisions were instructive in terms of providing a range of sanctions for similar types of misconduct.
29. [Paul Quentin Bullock Spalding](#) (January 2024): concerned a life and accident and sickness insurance agent licensee who was nominee of an agency, as well as the supervisor of another licensee. The other licensee made recommendations to a family to replace their existing life insurance policies, which resulted in new policies that were more expensive than the initial policies and, in Council’s opinion, unsuitable for the family’s needs. Council found that the licensee had not carried out his supervisory duties competently and adequately. Council found that the licensee was not aware of the insurance business that his supervisees were conducting, and described the licensee as “demonstrat[ing] a casual approach to supervision.” He was fined \$2,500, required to complete the Council Rules Course and nominee course, and assessed investigation costs.
30. [Hyung Jun \(Alex\) Kae](#) (May 2020): concerned a life agent who failed to act as a competent supervisor. The licensee was alleged to have failed to advise Council when new life agents ceased to be supervised by him and failed to report breaches of the Council Rules and Code of Conduct by licensees under his

supervision. Council was concerned that after serious competence and trustworthiness concerns were identified with a former licensee who had been supervised by the licensee, he failed to take adequate steps to address or report the complaints. Council found that the licensee demonstrated a casual approach to supervision, focusing on sales at the expense of training and client service. He was fined \$1,000, prohibited from acting as a supervisor for six months, required to complete the Council Rules Course and an ethics course, and assessed investigation costs.

31. [*Ironwood Insurance Agencies Ltd. & Devender Dave Sood*](#) (July 2017): concerned an agency and nominee that permitted a Level 1 Salesperson to engage in activities outside of the office and allowed another licensee, not authorized to represent the agent, to engage in insurance activities on behalf of the agency. The nominee of the agency admitted that he did not afford the situation the appropriate due diligence and incorrectly assumed that Level 1 Salespersons were permitted to work outside the office. Council had difficulty accepting this explanation as the nominee was very experienced and ought to have known better. The agency was fined \$10,000 and the nominee was downgraded from a Level 3 Agent to a Level 2 Agent.
32. [*Mitsuko Ryomoto*](#) (June 2016): concerned a Level 3 Agent who had supervisory duties at an agency. Council determined that there were Level 1 Salespersons at the agency engaging in insurance activities contrary to their licence restrictions. In addition, a Level 1 Salesperson's spouse was engaged in insurance activities for the agency, even though she did not have authority to represent it. Council concluded that the licensee failed to take sufficient steps to ensure that the Level 1 Salespersons were carrying on insurance business in accordance with their licence restrictions. She was fined \$1,000 and required to complete the Council Rules Course and the Duties and Responsibilities of a Level 3 General Insurance Agent course.
33. [*Peter MacDonald Insurance Agencies Ltd., Peter Sutherland MacDonald and Sylvia MacDonald*](#) (February 2015): concerned an agency, its manager and its nominee. The nominee was semi-retired, but was still involved in employee training and major decisions. Council received a complaint that the agency's Level 1 Salespersons were signing binders representing confirmation of insurance. An inspection of 30 files discovered that two files had the agency's Level 1 Salespersons signing the insurance binders; the inspection also revealed that the agency's website suggested that the agency engaged in life and accident and sickness insurance, even though the agency had not held a Life Agent licence since 1999. The agency also held E&O that did not reach Council's minimum requirement. Council concluded that a lack of proper policies and procedures at the agency, and its informal management system, contributed to the breaches. Council determined that the E&O issue required a fine, and fined the agency \$7,800; it also required that both the nominee and manager complete courses and assessed investigation costs to the agency.
34. [*Hanin Insurance Services Inc.*](#) (January 2014): concerned an agency that employed a Level 1 Salesperson licensee who was alleged to have failed to place adequate coverage for a client, or to have misled the client about the extent of coverage. It was determined that the licensee had been conducting insurance business contrary to the condition that prohibited Level 1 Salespersons from engaging in insurance activities outside the agency office. Current and former nominees for the agency stated that the agency did not have a formal training manual on proper practices and procedures.

Council concluded that the licensee was not properly trained or monitored, and that the transgression was due to inadequate supervisory oversight by the agency. Council fined the agency \$5,000 and assessed investigation costs.

35. Council considered the [Spalding](#) precedent to be the most helpful, and found that it shared similarities with the present case.

MITIGATING AND AGGRAVATING FACTORS

36. Council also considered mitigating and aggravating factors. The most notable mitigating factor was that, in Council's opinion, the Former Licensee's breaches were not committed intentionally or with ill will. Conversely, the Former Licensee's long experience in the insurance industry, having been licensed since 1996, was viewed as an aggravating factor. Overall, Council considered the aggravating factor of the Former Licensee's experience to be of greater weight, as a licensee with that level of experience should be expected to discharge their duties with greater care than what the Former Licensee showed.

CONCLUSIONS

37. Council believes it is appropriate to fine the Former Licensee \$5,000. This matches the fine issued in the [Spalding](#) case, which the Committee found to be similar. As nominee at the time, the Former Licensee was responsible for the insurance activities of the Agency, and Council's opinion is that the Former Licensee's culpability was significant enough that a fine, rather than a reprimand, is necessary to adequately address the breaches of the Council Rules and Code of Conduct.
38. Council also intends to require the Former Licensee to complete several courses, prior to being licensed again in the future. These include three courses that the Council administers directly (the Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters; the Nominee Responsibilities and Best Practices course for general insurance and adjusters; and the Supervision Course for General Insurance Agents), as well as the Insurance Brokers Association of British Columbia's Errors and Omissions Prevention for New Brokers course, and the Insurance Institute of Canada's Ethics and the Insurance Professional course.
39. Council is aware that the Former Licensee has returned to the insurance business in a management position after a hiatus; as such, it believes courses noted above relating to nominee and supervisor duties are appropriate requirements before he is licensed again. Furthermore, the E&O course is being required because there was confusion at the Agency about how E&O worked and what it would pay for, and the course will help ensure that the Former Licensee's knowledge is up-to-date in the event that he becomes licensed again.

40. In addition, Council intends to place a condition on any future licence issued to the Former Licensee that would prohibit him from serving as a nominee until he has been actively licensed for two years. In combination with the courses, this period of time in which the Former Licensee cannot serve as a nominee will help to ensure that his knowledge and skill set are adequate in the event that he becomes a nominee again in the future.
41. With respect to investigation costs, Council intends to assess these costs 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. Council has not identified any reason for not applying this principle in the circumstances.

INTENDED DECISION

42. Pursuant to sections 231, 236 and 241.1 of the Act, Council made an intended decision to:
- a) Fine the Former Licensee \$5,000, to be paid within 90 days of the date of Council's order;
 - b) Require the Licensee to complete the following courses, or equivalent courses as acceptable to Council, prior to being licensed again in the future:
 - i. the Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. the Insurance Brokers Association of British Columbia's Errors and Omissions Prevention for New Brokers course;
 - iii. the Ethics and the Insurance Professional course, available through the Insurance Institute of Canada;
 - iv. the Nominee Responsibilities and Best Practices course for general insurance and adjusters; and
 - v. the Supervision Course for General Insurance Agents;(Collectively, the "Courses")
 - c) Impose a condition on any future licence issued to the Former Licensee that he is prohibited from serving as a nominee until he has been actively licensed for two years;

- d) Assess the Former Licensee Council's investigation costs of \$1,468.75, to be paid within 90 days of the date of Council's order; and
- e) That Council will not consider an application for an insurance licence from the Former Licensee until the fine and investigation costs are paid in full and the Courses have been completed.

43. Subject to the Former 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.

ADDITIONAL INFORMATION REGARDING FINES/COSTS

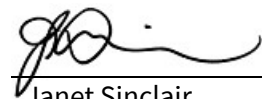
44. Council may take action or seek legal remedies against the Former Licensee to collect outstanding fines and/or costs, should these not be paid by the 90-day deadline.

RIGHT TO A HEARING

45. If the Former Licensee wishes to dispute Council's findings or its intended decision, the Former Licensee may have legal representation and present a case in a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Former Licensee **must give notice to Council by delivering to its office written notice of this intention within fourteen (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 Former Licensee does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.**
46. Even if this decision is accepted by the Former 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 thirty (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 <https://www.bcfst.ca/> or visit the guide to appeals published on their website at <https://www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf>.

Dated in Vancouver, British Columbia on the **10th day of February, 2025.**

For the Insurance Council of British Columbia

A handwritten signature in black ink, appearing to read 'JS', followed by a horizontal line.

Janet Sinclair
Executive Director