

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

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

and

YU HUN (RAYMOND) CHEUNG
(“Licensee RC”)

and

KA HING CHEUNG
(“Licensee KC”)

and

KING INSURANCE SERVICES (2015) LTD.
(the “Agency”)

ORDER

As Council made an intended decision on March 11, 2025, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided Licensee RC, Licensee KC, and the Agency with written reasons and notice of the intended decision dated May 20, 2025; and

As Licensee RC, Licensee KC, and the Agency have 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 Agency is fined \$10,000, to be paid by October 6, 2025;
- 2) Licensee RC’s general insurance licence is downgraded to a Level 1 general insurance salesperson licence, commencing on July 7, 2025, with Council not considering any application to upgrade the licence for a period of one year, commencing on July 7, 2025 and ending at midnight on July 6, 2026;

- 3) Licensee KC's general insurance licence is downgraded to a Level 1 general insurance salesperson licence, commencing on July 7, 2025, with Council not considering any application to upgrade the licence for a period of one year, commencing on July 7, 2025 and ending at midnight on July 6, 2026;
- 4) Licensee RC is required to complete the following courses, or equivalent courses as approved by Council, by October 6, 2025:
 - i. the Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. the Insurance Institute's Ethics and the Insurance Professional course;
 - iii. the Supervision Course for General Insurance Agents; and
 - iv. the Nominee Responsibilities and Best Practice course for general insurance;(collectively, "Licensee RC's Courses")
- 5) Licensee KC be required to complete the following courses, or equivalent courses as approved by Council, by October 6, 2025:
 - i. the Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. the Insurance Institute's Ethics and the Insurance Professional course; and
 - iii. the Supervision Course for General Insurance Agents;(collectively, "Licensee KC's Courses")
- 6) The Agency is assessed Council's investigation costs of \$4,675, to be paid by October 6, 2025;
- 7) a condition is imposed on Licensee RC's general insurance licence and life and accident & sickness insurance licence that failure to complete Licensee RC's Courses by October 6, 2025 will result in the automatic suspension of those licences and that Licensee RC will not be permitted to complete his 2027 annual licence renewal until such time as he has complied with the conditions listed herein;

Order

Yun Hun (Raymond) Cheung / Ka Hing Cheung / King Insurance Services (2015) Ltd.

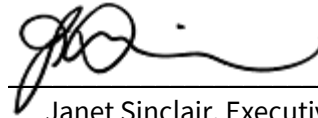
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July 7, 2025

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- 8) a condition is imposed on Licensee KC's general insurance licence that failure to complete Licensee KC's Courses by October 6, 2025 will result in the automatic suspension of that licence and that Licensee KC will not be permitted to complete her 2027 annual licence renewal until such time as she has complied with the conditions listed herein; and
- 9) a condition is imposed on the Agency's general insurance licence that failure to pay the fine and investigation costs by October 6, 2025 will result in the automatic suspension of that licence and that the Agency will not be permitted to complete its 2027 annual licence renewal until such time as it has complied with the conditions listed herein.

This order takes effect on the **7th of July, 2025.**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

YU HUN (RAYMOND) CHEUNG

(“Licensee RC”)

and

KA HING CHEUNG

(“Licensee KC”)

and

KING INSURANCE SERVICES (2015) LTD.

(the “Agency”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether Licensee RC, Licensee KC, and/or the Agency (collectively, the “Licensees”) had acted in compliance with the requirements of the Act, Council Rules, and Code of Conduct, in regard to allegations of misconduct related to their processing of vehicle insurance transactions. The allegations included that the Licensees had completed a series of Insurance Corporation of British Columbia (“ICBC”) transactions for high-end vehicles that were intended for export and resale without taking appropriate measures to ensure that they were appropriately insured, that an ICBC broker user identification (“BUID”) number was inappropriately shared between the Licensees, that Licensee KC had completed ICBC Autoplan transactions while being prohibited from doing so, that insurance was placed by the Licensees contrary to client instructions, and that the Licensees completed a series of transactions relating to their own vehicle insurance.
2. On December 4, 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 sent to the Licensees and Committee members in advance of the meeting. Licensee RC and Licensee KC attended the meeting for an interview with the Committee, and were accompanied by their legal counsel and the Agency’s nominee (the “Nominee”). Written submissions were also submitted to the Committee. The Committee subsequently prepared a report for Council, following the interview and its review of the investigation materials.

3. The Committee's report, along with the aforementioned investigation report, was reviewed by Council at its March 11, 2025, meeting, where it was determined 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 Licensees of the action it intends to take under sections 231, 236, and 241.1 of the Act before taking any such action. The Licensees 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 Licensees.

FACTS

5. Licensee RC has held a general insurance licence since August 1989, and is currently a level 3 general insurance agent ("Level 3 Agent"); he has also been licensed as a life and accident and sickness insurance agent ("Life Agent") since May 2008. Licensee KC has held a general insurance licence since June 2002, and is currently a level 2 general insurance agent ("Level 2 Agent"). Licensee KC is the daughter of Licensee RC.
6. The Agency has held a general insurance agency licence since May 2019. Licensee RC was the nominee of the Agency from May 2019 until July 2023.
7. In December 2022, both Licensee RC and Licensee KC notified Council that they had been sanctioned by ICBC due to their practices relating to vehicle insurance. ICBC had prohibited them from conducting Autoplan transactions (commencing on June 24, 2022, for Licensee KC, and on December 7, 2022, for Licensee RC), and had also levied a monetary penalty against the Agency in the form of a commission and merchant fee clawback. In his email to Council, Licensee RC described ICBC's actions as unfair and "cold blooded," and noted that they had complained to the British Columbia Ombudsperson and intended to hire a lawyer in order to file a dispute.
8. As part of its investigation, Council issued production orders to ICBC and obtained ICBC's records relating to its investigation of the Licensees.

Summary of Concerns

9. ICBC had investigated the Licensees between 2021 and 2022 due to a number of concerns it had about how vehicle insurance transactions were being conducted. The following issues were subsequently explored by Council during its own investigation, as potential breaches of the Code of Conduct and/or Council Rules.

High-End Vehicle Transactions

10. Between 2020 and 2022, the Licensees issued a series of one-year Autoplan policies for vehicles that were not intended for operation on a British Columbia highway. The one-year policies were cancelled within days, and in some cases they were cancelled on the same day that they were purchased. ICBC directs Autoplan agents that they should not issue one-year policies in these circumstances and that a Temporary Operating Permit (“TOP”) should be sold when the customer’s intent is to cancel the policy within days of being issued.
11. Licensee RC issued nine such policies between July 2020 and March 2022, while Licensee KC issued 48 of these policies between May 2020 and March 2022. These transactions were issued for a specific client (“Client IH”) and companies and individuals associated with Client IH.
12. According to ICBC, many of these policies were rated in territories and rate classes which resulted in higher premiums. 46 of Licensee KC’s transactions were cancelled on the same day that they were issued, with the remaining two policies cancelled within one day. The cancellations were processed at other agencies and by other licensees.
13. On August 24, 2021, Licensee KC was interviewed by an ICBC Special Investigation Unit (“SIU”) officer and a Brokers Enquiries Unit Manager. In the course of the interview, Licensee KC was advised that the policies issued to Client IH and his affiliates were being cancelled shortly after issuance, to the point that licence plates were being returned to the cancelling agencies unopened and still in their original wrapping. Licensee KC was asked about her interactions with Client IH, and questioned about whether there were any red flags associated with Client IH’s requests. The SIU officer suggested that there was an “alarming” pattern associated with Client IH’s requests and emphasized that it was appropriate to only sell TOPs in these circumstances.
14. Eight of Licensee KC’s 48 transactions were conducted after the August 24, 2021, interview with ICBC representatives.
15. Licensee KC told Council’s investigator that she believed she had been following ICBC’s instructions in regard to dealing with Client IH. She stated that the ICBC representatives had advised her to ask Client IH if he really needed the one-year insurance policies, and to offer him TOPs instead. She did ask those questions, but Client IH still requested one-year policies. Licensee KC told Council’s investigator that, at the time, she was confident that she understood ICBC’s instructions and was following them, but that in hindsight, admitted that she may have misunderstood.
16. Licensee RC also cancelled four separate Autoplan policies, which he had not issued, for Client IH’s companies between August 2020 and October 2020. These policies were cancelled by Licensee RC on the same day that they were issued by other agencies.

BUID Number Sharing

17. It is ICBC policy that each insurance agent or salesperson must use their individual BUID number, and that BUID numbers must not be shared. ICBC provided Council with data indicating that, between 2019 and 2022, Licensee RC conducted approximately 1,003 transactions using Licensee KC's BUID number. When Licensee RC used Licensee KC's BUID number, he would typically type his first name in the producer code comment section to indicate that he was the one who had completed the transaction.
18. On March 20, 2022, Licensee KC stated in an email to an ICBC Senior Broker Compliance Auditor that "There are only 2 agents in our office. We both use the same login."
19. On April 1, 2022, an ICBC Broker Inside Sales Representative emailed Licensee KC and Licensee RC, telling them that it was not permissible for Licensee RC to be using Licensee KC's BUID number, and that they must stop the practice immediately. Licensee RC was reminded of what his own BUID number was.

Conflict of Interest Transactions

20. ICBC's records indicate that, in September 2020, Licensee RC processed two transactions relating to Licensee KC's Autoplan insurance policy. One transaction was a renewal completed using Licensee KC's BUID number, while the other transaction was a policy change done under Licensee RC's own BUID number. Both transactions had Licensee RC's first name entered in the producer code comment section.
21. Similarly, between September 2020 and October 2021, Licensee KC processed four transactions on her own Autoplan policy, as well as five transactions on a policy insured under the Agency's name and three transactions on a policy where Licensee KC was listed as the driver.
22. It is against ICBC's policies for licensees to process transactions relating to their own vehicles, or vehicles that they have an interest in, due to conflict of interest concerns.

Licensee KC's Assistance on ICBC Transactions

23. Licensee KC was prohibited by ICBC from conducting Autoplan transactions between June 24, 2022, and July 18, 2024. Licensee RC's similar prohibition would not commence until December 7, 2022.
24. ICBC identified that, despite being prohibited from conducting Autoplan transactions, Licensee KC would regularly assist Licensee RC with such transactions. Licensee KC told Council's investigator that Licensee RC would ask her for help, because he would grow frustrated; he had difficulties with being on the computer and telephone at the same time, and struggled to see the computer screen while conducting transactions. Licensee KC explained that Licensee RC would log on to the system, and then she would assist by using the computer while he was on the phone, or vice versa.

25. Licensee RC told ICBC that Licensee KC helped him with Autoplan transactions while she was under her prohibition, but that he was always present, and she never conducted the transactions by herself.

Ignoring Client Instructions

26. ICBC received a complaint about Licensee KC from a client ("Client FA") in February 2022. Client FA provided email records between herself and Licensee KC that showed that Licensee KC had made expensive changes to Client FA's vehicle's insurance contrary to her instructions.
27. On January 13, 2022, Client FA emailed Licensee KC, requesting that another person be added to her vehicle's insurance. When given information about how much doing so would cost, Client FA wrote, on January 15, 2022, "Thanks, I'd cancel it the monthly amount is too much." Despite this email, Licensee KC proceeded with adding the additional person to Client FA's insurance.
28. On or around February 2, 2022, Client FA found that ICBC had attempted to withdraw a larger sum from her bank account than what she had expected, due to Licensee KC having made changes to her vehicle insurance. She alleged that she was being charged due to having non-sufficient funds in her account.
29. ICBC subsequently learned that additional changes had been made to Client FA's policy by Licensee KC, without consent, including an increase in liability coverage, removal of hit and run coverage, and added collision coverage.
30. In response to an ICBC Broker Inside Sales Representative's emailed questions about the changes to Client FA's policy, Licensee KC stated on February 23, 2022, that "I did not feel comfortable removing coverages or cancelling their policy, based on their request." In response to follow-up questions, and a reminder that she has no authority to add or remove coverages without client permission, Licensee KC wrote on April 3, 2022, that "The customer has added and removed coverages, and added and removed different drivers on a number of occasions. She is always flip-flopping on her coverages, and doesn't know what she wants. ... It is our responsibility as professional insurance brokers to help customers with their insurance policies. The consequences of under-insuring are very severe, and could mean they could possibly go into debt or not be able to insure their vehicles again."

ICBC Sanctions

31. Licensee RC was prohibited from processing ICBC transactions, effective December 7, 2022. He was also prohibited from conducting all ICBC Autoplan business and accessing ICBC's Broker Connect system, effective December 9, 2022.
32. Licensee KC was prohibited from conducting ICBC Autoplan business and from accessing the Broker Connect system for at least two years, effective June 24, 2022. Her privileges were reinstated on July 18, 2024. She completed the Ethics for Insurance Brokers course, which was a condition of her

reinstatement.

33. The Agency was fined \$2,500 by ICBC, and ICBC also took action to recover \$34,280.19 for the commissions and merchant fees associated with the transactions relating to Client IH. According to the payment schedule they were following, payment was due for completion by the end of 2024.
34. The Agency also had its Autoplan Agency Agreement suspended in February 2023. The Agency submitted a Management and Operating (“M&O”) plan in May 2023, which was approved by ICBC in July 2023. ICBC was satisfied with the M&O plan and reinstated the Autoplan Agency Agreement, subject to conditions. One of the conditions was that Licensee RC be replaced as nominee of the Agency.
35. In its findings, set out in a letter dated February 16, 2023, ICBC described the Licensees as being uncooperative in its investigation into the Client IH transactions, providing false or inconsistent statements, and failing to comply with ICBC’s written and verbal directives.

Committee Meeting

36. Licensee RC and Licensee KC attended the Committee meeting, as did their legal counsel and the Nominee. Written submissions were provided to the Committee shortly before the meeting, and were referred to by the Licensee’s legal counsel as he made verbal submissions.
37. The Committee was informed that the Licensees had reviewed the investigation report, and that its findings of fact were generally consistent with their understanding of the facts. They accepted responsibility for their Autoplan insurance issues, particularly in regard to Client IH’s transactions, and admitted that they had not met ICBC’s expectations. It was submitted that the Licensees were deeply regretful for having let the problematic conduct go on for a lengthy period of time, and for not heeding the advice and direction that ICBC had given them.
38. It was explained to the Committee that, in February 2023, the Agency had been the subject of an ICBC hearing. Although the Agency had accepted responsibility for its actions, and explained some of its “blind spots” and errors of judgement, ICBC ultimately concluded that there had been a material breach of its requirements, and made a decision to prohibit the Agency from carrying on Autoplan business.
39. It was submitted that Licensee RC and Licensee KC are committed to taking responsibility for the noted issues and to finding a path forward, and it was emphasized that the Licensees have been able to meaningfully rebuild their relationship with ICBC. They showed a commitment to improvement, which has been audited by ICBC, that involved creating a M&O plan that was acceptable to ICBC. Experienced people were hired to improve the Agency’s vehicle insurance services, including the Nominee, as ICBC had concluded that, at the time, Licensee RC and Licensee KC lacked sufficient vehicle insurance experience. There have been no further issues since their relationship with ICBC was restored.

40. It was emphasized that ICBC found that the Licensees had made significant mistakes, but did not find that they had intentionally carried out misconduct. Licensee KC has been allowed to conduct ICBC business again since the summer of 2024. She had been suspended for a minimum of two years, and ICBC agreed to reinstate her, based on the steps the Agency had taken to improve its practices.
41. The Licensees have already taken significant steps to resolve the problematic conduct, and have suffered serious consequences due to their mistakes. They were fined by ICBC, and required to repay their commission fees, including merchant fees. The Licensees estimated that their overall financial burden resulting from meeting and dealing with Client IH exceeded \$150,000.
42. The Licensees and their legal counsel emphasized that the Licensees had not been “in cahoots” with Client IH and his companies, and had no involvement in any fraud or other wrongdoing that might have been carried out by Client IH. It was submitted that they had no knowledge of vehicles being exported, and that they had their inexperience exploited by Client IH.
43. The Licensees did not contest the investigation report’s findings about their interactions with Client IH, and the insurance services they provided for him. They accepted that there were ICBC publications directing that only TOPs should be issued in such circumstances; they either were not aware of those publications, or did not properly consider them, at the time. There were occasions when ICBC engaged with the Agency, usually through Licensee KC, in order to provide advice about dealing with Client IH, telling her to push back about issuing TOPs instead of year-long insurance policies. The Licensees admitted that they were advised by ICBC about concerns with Client IH’s transactions and that they should have acted differently. However, they misinterpreted the message from ICBC at the time, and demonstrated remorse and regret for that mistake.
44. The Licensees also admitted that they did not at first take a “conciliatory” approach towards ICBC’s investigation, and were instead combative and thought that ICBC was “attacking” them. This led to a breakdown in communication between the Licensees and ICBC. Additional stressors, including personal matters and the fact that their Autoplan Agency Agreement was relatively new and putting them under financial stress, exacerbated the breakdown and led to some unproductive interactions with ICBC.
45. It was acknowledged that Licensee KC did assist Licensee RC with completing some transactions while she was prohibited from carrying out Autoplan business. Licensee RC struggled with the computer system and she helped him. Similarly, it was also acknowledged that the Licensees processed transactions for themselves and for family members. They admitted that these things should not have happened, and noted that they have already been disciplined by ICBC for these transactions.
46. The Committee was informed that, at the time of the Licensees’ difficulties with ICBC, it had only been Licensee RC and Licensee KC conducting insurance business at the Agency. However, by the time of the Committee meeting, they had hired the Nominee, as well as three additional full-time staff members. Part of their M&O plan had been to bring in experienced staff, and they have done so.

47. Licensee RC no longer carries out ICBC business and does not intend to do so in the future. The Licensees did not know for certain if ICBC would end his suspension if requested, but they considered it a moot point because he does not want to process Autoplan transactions again.

ANALYSIS

48. Council appreciated that the Licensees were forthright in admitting wrongdoing, and that they had provided a great deal of information and context to the Committee. Particularly in regard to the Client IH transactions, the information given by the Licensees and their legal counsel helped Council to understand the circumstances in which those transactions occurred. Council accepts that the Licensees were not involved in Client IH's activities other than to sell the vehicle insurance that Client IH insisted upon. Even so, Council's opinion is that the actions of the Licensees amounted to breaches of sections 3 ("Trustworthiness"), 4 ("Good Faith"), 5 ("Competence"), 7 ("Usual Practice: Dealing with Clients"), and 8 ("Usual Practice: Dealing with Insurers") of the Code of Conduct.
49. The breach of section 5 is the most obvious. As the Licensees have admitted, they lacked experience with conducting ICBC transactions at the time, and that lack of experience led to many of the issues identified by ICBC. For example, the Licensees admitted to being unfamiliar with ICBC's directives about not sharing BUIDs, and about not completing transactions for their own vehicles. Additionally, subsection 5.4.1 of the Code of Conduct states that selling "an insurance policy that was inappropriate given the client's stated objectives and circumstances and that a prudent and competent agent would not have recommended" is an example of a breach of the competence duty; Council believes that the Licensees' transactions for Client IH fall within that example. If the Licensees had hired someone more experienced to handle their ICBC work, as they eventually did as part of their M&O plan, they could have avoided many of the problems they experienced.
50. Council further believes that Licensee RC and Licensee KC breached sections 3 and 4 of the Code of Conduct, at least to a degree, in their dealings with Client IH. Although Council accepts that the Licensees were not "in cahoots" with Client IH, as their legal counsel submitted, Council nevertheless believes that the Licensees were willfully blind towards suspicious behaviors that should have prompted them to act more cautiously in regard to Client IH's requests, or to notify ICBC. During the Committee meeting, Licensee RC described the income that had been received from Client IH's transactions as seeming like "money from heaven" at the time. Council believes that the Licensees were reluctant to scrutinize the red flags associated with Client IH's requests because of the income that the transactions brought them. Council also believes that these Code of Conduct sections were breached by Licensee KC when she assisted Licensee RC with Autoplan transactions while being prohibited from completing such transactions herself. Council's opinion is that Licensee KC's actions amounted to performing transactions that she was prohibited by ICBC from doing, thereby breaching the Code of Conduct's trustworthiness and good faith requirements.
51. Council believes that section 7 of the Code of Conduct has been breached by the Licensees. Section 7 requires licensees to "evaluate clients' needs" and to "act with integrity, competence and the utmost good faith." Particularly in regard to Client FA, the Licensees failed to meet this requirement by

making policy changes contrary to the client's instructions. Even though Licensee KC described Client FA as frequently changing her mind, and thought that it was in Client FA's best interests to ignore her instructions, Licensee KC had no authority to make changes to Client FA's policy without her consent.

52. Finally, Council believes that section 8 was breached by the Licensees due to their dealings with ICBC. There are multiple examples of the Licensees failing to "adhere to the authority granted by the insurer." They ignored, or were unaware of, ICBC's directions to only issue TOPs in circumstances like those of Client IH, about sharing BUIDs, and about not performing transactions on a licensee's own vehicles. Furthermore, Licensee KC had effectively continued to perform Autoplan transactions after being prohibited from doing so by ICBC in June 2022.

PRECEDENTS

53. Prior to making its determination, Council took into consideration two past decisions of Council that involved licensees who sold full-year auto insurance, knowing that the insurance would be cancelled within days, as well as two past decisions that involved licensees processing their own vehicle transactions.
54. [Anthony Bryan Chua Cua](#) (February 2021): concerned a Level 2 Agent who unethically profited from commissions received from ICBC by regularly processing one-year vehicle insurance policies for an automobile dealership engaged in the export of vehicles out of Canada, and then cancelling the policies days later. The licensee was found to have processed at least 129 transactions for the dealership, and served as a straw buyer on two occasions by purchasing vehicles using funds provided by the dealership. In total, the licensee earned over \$24,000 in commissions from ICBC. Council found that the licensee's actions demonstrated an overall lack of trustworthiness and good faith, and were exploitative of ICBC and its commissions system. Council ordered that the licensee's licence be suspended for a one-year period, and downgraded to a Level 1 Salesperson for one year following completion of the suspension. He was also fined \$7,000 and assessed investigation costs.
55. [Ting En \(Brian\) Lin](#) (February 2021): concerned a licensee with both a Level 2 Agent licence and a Life Agent licence who unethically profited from commissions received from ICBC by regularly processing one-year vehicle insurance policies for an automobile dealership engaged in the export of vehicles out of Canada, and then cancelling the policies days later. The licensee was found to have processed at least 30 transactions while employed at two insurance agencies, and had served as a straw buyer on three occasions by purchasing vehicles using funds provided by the dealership. Council found that the licensee's actions demonstrated an overall lack of trustworthiness and good faith, and were exploitative of ICBC and its commissions system. Council ordered that both the licensee's licences be suspended for a period of six months, and that the general licence be downgraded to Level 1 for one year after completion of the suspension. The licensee was also fined \$5,000, required to be supervised for a year, and assessed investigation costs.
56. [Wendy Chui Ping Kwan](#) (July 2022): concerned a Level 2 Agent who had processed her own ICBC Autoplan transactions since the early 1990s and misrepresented the principal operator of her personal

vehicle on several ICBC policies. The misrepresentation came to light after ICBC's investigation into the licensee's stolen vehicle claim. By processing her own insurance transactions, Council found that the licensee engaged in a clear conflict of interest; further, the licensee derived a financial benefit from her misconduct, as the misrepresentations led to reduced premiums to the detriment of ICBC. Council determined that the licensee ought to have known that her conduct was unacceptable, given that she had over 30 years of experience in the insurance industry. In addition, the licensee made material misstatements to Council during its investigation. The licensee was suspended for one year, had her Level 2 Agent licence downgraded for one year following completion of the suspension, and was required to complete courses. She was also assessed investigation costs.

57. [Allen Ton-Ming Fu](#) (June 2022): concerned a Level 2 Agent who processed his own ICBC Autoplan transactions and, while doing so, altered his Claims Rate Scale ("CRS") on the ICBC system, resulting in him receiving the maximum CRS discount on his insurance premium. Council determined that the licensee improperly used his position as an insurance licensee for personal gain. The licensee was suspended for one year, required to be supervised for a year, required to complete an ethics course, and assessed investigation costs.

MITIGATING AND AGGRAVATING FACTORS

58. Council also considered mitigating and aggravating factors. Council identified the Licensees' lack of experience with Autoplan insurance as a mitigating factor, as well as the fact that they had been cooperative throughout Council's investigation. The Licensees have acknowledged their wrongdoing and expressed remorse, and have already suffered significant consequences as a result of their actions. Furthermore, the Licensees have made an effort to minimize the consequences of their actions, to the point that they have successfully repaired their relationship with ICBC.
59. A significant aggravating factor identified was that the Licensees' misconduct took place over a multi-year period of time, and showed considerable disregard for ICBC's requirements. Another aggravating factor was that the Licensees were initially hostile to ICBC's investigation, and did not take ICBC's concerns seriously. Additionally, although no direct client harm occurred, Council believes that being wilfully blind towards the suspicious aspects of Client IH's requests could have exposed the general public to harm, due to the documented link between the vehicle export grey market and money laundering.
60. Overall, Council concluded that the mitigating factors outweighed the aggravating factors. Particularly significant was the fact that the Licensees have made great efforts to transform the Agency since being sanctioned by ICBC, including creating the M&O plan, hiring the Nominee and other licensees with relevant experience, and having Licensee RC step away from Autoplan business. These changes indicate, in Council's opinion, that the Licensees were repentant about their failings and committed to improving their vehicle insurance services.

CONCLUSION

61. Council believes it is appropriate to fine the Agency \$10,000 and to downgrade the licences of both Licensee RC and Licensee KC for a one-year period. Additionally, Council intends to require both Licensee RC and Licensee KC to complete certain courses.
62. The Licensees had a financial incentive for being wilfully blind towards Client IH's suspicious requests and not taking appropriate precautions. As such, Council believes that a fine of \$10,000 is appropriate. Council is aware that there have been recent Council decisions involving similar grey market vehicle transactions in which much higher fines have been assessed against agencies. However, the present case is distinguishable due to the fact that the Licensees were not involved in the grey market scheme to the degree or with the willingness that licensees in other cases have been. Client IH was a difficult and persistent client, and although the Licensees should have made greater efforts to avoid selling the one-year policies he insisted on, they were not complicit in his actions other than to process insurance. To contrast with the Cua and Lin precedents, the Licensees were not exploiting ICBC's commission system as flagrantly, and were not directly involved with the exporter's activities (for example, by acting as straw buyers, as was the case in both the Cua and Lin precedents).
63. Although a number of the Code of Conduct's sections were breached, Council believes that, overall, most of the Licensees' problems stemmed from competency issues. To that end, Council intends to require that both Licensee RC and Licensee KC take courses, and that both have their licences downgraded to the Level 1 Salesperson level for a one-year period. A period during which their insurance work will need to be supervised, in addition to completion of courses, will help ensure that Licensee RC and Licensee KC are knowledgeable and competent as they continue their insurance careers.
64. With respect to investigation costs, Council believes that these costs should be assessed to the Agency. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear the costs of their disciplinary 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

65. Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision that:
 - a. The Agency be fined \$10,000, to be paid within 90 days of Council's order;
 - b. Licensee RC's general insurance licence be downgraded to a Level 1 general insurance salesperson licence, commencing on the date of Council's order, with Council not considering any application to upgrade the licence for a period of one year;

- c. Licensee KC's general insurance licence be downgraded to a Level 1 general insurance salesperson licence, commencing on the date of Council's order, with Council not considering any application to upgrade the licence for a period of one year;
- d. Licensee RC be required to complete the following courses, or equivalent courses as approved by Council, within 90 days of Council's order:
 - i. the Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. the Insurance Institute's Ethics and the Insurance Professional course;
 - iii. the Supervision Course for General Insurance Agents; and
 - iv. the Nominee Responsibilities and Best Practice course for general insurance;(collectively, "Licensee RC's Courses")
- e. Licensee KC be required to complete the following courses, or equivalent courses as approved by Council, within 90 days of Council's order:
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- f. the Agency be assessed Council's investigation costs of \$4,675, to be paid within 90 days of Council's order;
- g. a condition be imposed on Licensee RC's general insurance licence and life and accident & sickness insurance licence that failure to complete Licensee RC's Courses by the deadline will result in the automatic suspension of those licences and that Licensee RC will not be

permitted to complete his 2027 annual licence renewal until such time as he has complied with the conditions listed herein;

- h. a condition be imposed on Licensee KC's general insurance licence that failure to complete Licensee KC's Courses by the deadline will result in the automatic suspension of that licence and that Licensee KC will not be permitted to complete her 2027 annual licence renewal until such time as she has complied with the conditions listed herein; and
- i. a condition be imposed on the Agency's general insurance licence that failure to pay the fine and investigation costs by their deadline will result in the automatic suspension of that licence and that the Agency will not be permitted to complete its 2027 annual licence renewal until such time as it has complied with the conditions listed herein.

66. Subject to the Licensees' 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

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

RIGHT TO A HEARING

68. If the Licensees wish to dispute Council's findings or its intended decision, the Licensees 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 Licensees **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 Licensees do not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.**
69. Even if this decision is accepted by the Licensees, 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 [Welcome to the Financial Services Tribunal - BC Financial Services Tribunal](https://www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf) or visit the guide to appeals published on their website at <https://www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf>.

Intended Decision

Yun Hun (Raymond) Cheung / Ka Hing Cheung / King Insurance Services (2015) Ltd.

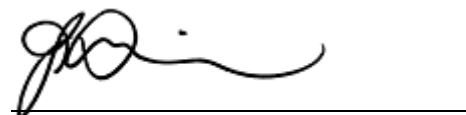
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May 20, 2025

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Dated in Vancouver, British Columbia, on the **20th day of May, 2025.**

For the Insurance Council of British Columbia

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

Janet Sinclair

Executive Director