

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

and the

**INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)**

and

**ACCOST INSURANCE & FINANCIAL CENTRE INC.
(the “Agency”)**

and

**NAGDIP DHINDSA
(the “Nominee”)**

ORDER

As Council made an intended decision on April 26, 2022, pursuant to sections 231, 236 and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Nominee and the Agency with written reasons and notice of the intended decision dated May 9, 2022; and

As the Nominee 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:

- a) The Nominee is reprimanded;
- b) The Nominee is required to complete the Council Rules Course for general insurance and adjusters, by September 1, 2022;
- c) The Agency is reprimanded;
- d) The Agency is assessed Council’s investigation costs in the amount of \$2,437.50, to be paid by September 1, 2022;

Order

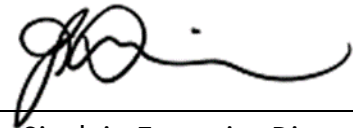
Accost Insurance & Financial Centre Inc., and Nagdip Dhindsa
LIC-9142955C114674R1, LIC-118318C75359R1, COM-2020-00070

June 3, 2022

Page 2 of 2

- e) A condition is imposed on the Nominee's licence that failure to complete the Council Rules Course for general insurance and adjusters by September 1, 2022 will result in the automatic suspension of the Nominee's licence, and the Nominee will not be permitted to complete the Nominee's 2024 annual licence renewal until such time as the Nominee has complied with the conditions listed herein; and
- f) A condition is imposed on the Agency's licence that failure to pay the investigation costs by September 1, 2022 will result in the automatic suspension of the Agency's licence, and the Agency will not be permitted to complete its 2024 annual licence renewal until such time as the Agency has complied with the conditions listed herein.

This order takes effect on the **3rd day of June, 2022.**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

ACCOST INSURANCE & FINANCIAL CENTRE INC.

(the “Agency”)

and

NAGDIP DHINDSA

(the “Nominee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Agency and Nominee acted in compliance with the requirements of the Act, Council Rules, and Code of Conduct, and in particular to determine whether the Agency and Nominee breached section 3 (“Trustworthiness”); section 4 (“Good Faith”); section 5 (“Competence”) and section 7 (“Usual Practice of Dealing with Clients”) of the Code of Conduct by Agency’s failure to provide timely notification to a client regarding the renewal of insurance coverage, misinforming a client in a lapse of insurance letter, and failing to keep books, records and documents for the proper recording of insurance transactions, noting that Nominees are responsible to Council for all activities of the insurance agency.
2. On March 15, 2022, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met with the Nominee via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Committee and the Nominee prior to the meeting. A discussion of the investigation report took place at the meeting and the Nominee was given an opportunity to make submissions and provide further information. Having reviewed the investigation materials and having discussed the matter with the Nominee, the Committee prepared a report for Council.
3. The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its April 26, 2022, 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 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

5. The Agency has maintained a Corporate General Licence with Council since November 4, 1999. The Agency is represented by Nagdip Dhindsa as the Nominee, who has been in this position since April 14, 2009.
6. The Nominee has maintained an active general insurance licence from April 12, 1995 to October 26, 2002, and from June 3, 2005 to present. She also held a Life Agent licence between August 16, 2001 and December 4, 2001.
7. Both the Agency and Nominee are Licensees.
8. In June 2020, Council received a complaint from YS (the "Complainant") who alleged that he was not informed of the cancellation of his homeowners insurance policy, resulting in a period where he was uninsured, and that an agent of the Agency had used his own personal address on the policy.
9. The Nominee advised that the property in question is owned by the Complainant and two other individuals. The Agency issued the homeowner insurance policy for the insureds in April 2017. The policy was bound with the insurer but there was a roof exclusion on the policy due to the condition of the roof. The Nominee provided copies of the policy documents from 2017 which indicated the roof exclusion, as well as payment receipts from 2017 and 2018.
10. All three owners were listed as insureds to the homeowner insurance policy. The contact address listed on the homeowner insurance policy was an address in Surrey, which is the address of one of the named insureds on the policy.
11. Council received documentation from the Complainant of the receipt of the insurance premium payment in 2017. The receipt issued by the Agency for payment indicated that the address is the same Surrey address listed for the contact address of the insureds in the homeowner insurance policy.

12. Council staff confirmed the address of one of the insureds and it was determined that the address on the homeowner policy was the insured's address. It was further confirmed that the same insured had been residing at that address during the relevant material times. It was determined that the Complainant's allegations that the address listed in the policy was that of an agent of the Agency was not accurate.
13. The policy was renewed in April 2018 with no issue.
14. The Nominee advised that she was told by agents in the agency that sometime in December 2018, the Complainant was denied a roof claim due to the roof exclusion clause in the policy. The Nominee advised that the Complainant was upset by the lack of coverage and confronted the Agency employees. The Nominee stated that the Complainant verbally advised, during the in-person visit to the Agency, that he would not continue his business with the Agency or with the insurer. No communication was sent to the Complainant after the December 2018 visit to confirm that the Complainant no longer wished to conduct business with the Agency or the insurer.
15. The Nominee advised that this Complainant was unhappy with the Agency and visited the Agency on multiple occasions, where he expressed his frustrations to agents.
16. When questioned regarding the documentation system of the Agency, the Nominee advised that the Agency uses a physical filing system. Specifically, there is an index page that agents use to note client interactions. However, the Agency was unable to provide any documentation that referenced the Complainant's verbal statement that he no longer wished to continue insurance business with the Agency or the insurer or any of his visits to the Agency.
17. The policy was set to cease coverage on April 24, 2019. On March 12, 2019, the insurer emailed the Agency and outlined the renewal terms for the policy. The email indicated that policies do not automatically renew, and a response was required prior to the expiry date in order to prevent a lapse in coverage.
18. The Nominee confirmed the agency's internal process for client renewal of homeowner insurance policies. The Agency's policy is that agents notify a client 30 days in advance of the expiration date to confirm whether they still own the property and whether the terms have changed prior to contacting the insurance company regarding premiums and renewal. However, the Council Code of Conduct states that clients should be notified at least 60 days prior to the expiration of their existing insurance if you are unable to renew the insurance at the same terms and conditions.

19. In this instance, the Agency's internal policy was not followed. There was no documentation provided for the period of December 2018 and April 10, 2019. The Agency sent a letter dated April 10, 2019, to the Surrey address on file, advising that the Agency was unable to offer a renewal due to the past claim and condition of the dwelling, and that the insurance company lapsed the coverage as a result. The reason for the lapse of coverage provided in this letter was not accurate, as the insurer had not indicated that they were unwilling to renew the policy.
20. The only communication sent to the Complainant was the notification of cancellation of coverage dated April 10, 2019, which was 14 days before the cease of coverage on April 24, 2019.
21. On April 25, 2019, the insurer emailed the Agency advising that the policy lapsed at its expiry on April 24, 2019, and the Agency could complete a new application.
22. The Nominee acknowledged that the letter to the Complainant advising of the lapse of coverage was not sent in a timely manner. Further, the Nominee acknowledged that the content of the letter was not accurate as the Agency had received an email from the insurer outlining the renewal terms for the policy, which was different to the information provided to the Complainant in the letter.
23. The Nominee advised that there are template forms for letters that are sent to clients. The Nominee stated that the agent, who on behalf of the agency wrote the letter advising of the lapse of coverage, selected the wrong form and reason in this instance. The Nominee advised that any miscommunication to this Complainant was done in error.
24. The Nominee advised that she was unaware of the circumstances of the Complainant visiting the Agency in December 2018 where he advised that he no longer wished to be a client. The Nominee was not advised by agents at the Agency or aware of the December 2018 encounter or any other visits the Complainant made to the Agency. The Nominee was not informed of this information until she questioned agents in the Agency when Council notified the Nominee of the investigation.
25. The Nominee was unaware of the circumstances of this policy lapse until Council began its investigations.
26. The Nominee was unable to comment or provide any new procedures or policies that have been implemented by the Agency since this incident to ensure that the agents within the Agency are following its procedures correctly and that this situation would not happen again.

ANALYSIS

27. Council has concluded that the Agency failed to engage in the usual practice of the business of insurance by failing to provide adequate notice to the client of the policy cancellation. The Agency's letter to the Complainant was dated 14 days before the expiration of the policy, and the date in which the Complainant received the letter may have been a few days later given the potential delay in mailing. Council has determined that ensuring coverage is properly in place is an important obligation of an insurance agent, and the failure to provide adequate notice of the cancellation is outside the usual practice of the business of insurance.
28. Council has concluded that the Agency failed to engage in the usual practice of business by the failure to properly document communications and instructions from a client and to keep adequate books and records. There were no records of communication with the Complainant regarding the in-person visits to the Agency or his intention not to continue business with the Agency. The Agency could have provided the Complainant with written confirmation of his intention to withdraw in December 2018, which would have also given the client ample opportunity to transfer insurance business elsewhere.
29. Council was troubled by the Nominee's lack of knowledge regarding the circumstances. As the Nominee responsible for the Agency, one would presume the Nominee would have been present or been advised of one of the instances in which the Complainant attended the Agency and expressed his frustrations. Although the Nominee states that the procedure for the Agency is to advise the client 30 days before the expiration or lapse of the insurance policy, this was not followed for this matter and is not in compliance with Council's 60-day guideline. Council has concerns that the Nominee was unable to describe any new procedures or policies in place to ensure the proper supervision of the agents within the Agency to ensure this kind of instance does not occur again. The Nominee is responsible to Council for all activities of the insurance agency and must ensure its employees are properly supervised. Council concluded that the circumstances in this matter demonstrated there was an inadequate level of supervisory oversight by the Agency as well as the Nominee.
30. Council concluded there was no evidence to support that the lapse letter sent to the Complainant on April 10, 2019, was written to intentionally mislead the client. Council accepted that the agent who wrote the letter made an error in the reasoning for the insurance policy lapse. Without any conclusive evidence to support that the letter was written with the intention to mislead the client, Council could not speculate that this was the case. Accordingly, Council does not believe that the Nominee and Agency offended

sections 3 and 4 of Council's Code of Conduct, which requires that licensees must be trustworthy, conducting all professional activities with integrity, reliability, and honesty.

31. Council considered the impact of Council Rules 7(6), 7(8) and 7(9), and Council's Code of Conduct guidelines on the Licensee's conduct, including section 5 ("Competence") and section 7 ("Usual Practice of Dealing with Clients"). Council has concluded that the Agency and Nominee's conduct amounted to breaches of the above Code of Conduct sections and the professional standards set by the Code.
32. The Agency as a licensed person or entity is responsible for the actions of its staff and the proper management of the Agency is ultimately the Nominee's responsibility.
33. Prior to making its recommendation in this matter, Council took into consideration the following precedent cases. While it is recognized that Council is not bound by precedent and that 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.
34. *A C & D (Quesnel) Insurance Services Ltd and Joseph Edward Stonehouse* (December 2014) concerned an agency that discovered that the level two general insurance agent did not forward insurance premium refund cheques to clients. The premium refund cheques were generated by the agency when it was discovered that coverage was not properly placed by the former level two general insurance agent. Council accepted that the agency had no reason to suspect that the former employee would have taken premium refund cheques, but the agency failed to have adequate measures in place to deal with the serious failures to ensure coverage was in place. Council found that the nominee failed to personally ensure that proper procedures were in place to deal with clients left without coverage. Proper management of the agency is the responsibility of the nominee. Council ordered a reprimand of the nominee, a fine of \$5000 to the agency and assessed the investigative costs against the agency.
35. *Ken Tam* (January 2012) concerned a level two general insurance agent licensee who was authorized to represent one insurance agency. The licensee had been speaking with a client about the renewal of an existing insurance policy held by a company. Several months later the client requested the licensee make changes to the policy which the client believed had been in place. The licensee realized that he did not confirm or bind the policy for the company. The Licensee stated he verbally advised the client that no coverage had been placed for the company. The client requested paperwork stating that the insurance policy had not been placed. The licensee made a false cover note for the expired insurance policy for the period of April 2010 to December 2010. Council was concerned that the licensee did

not properly notify the client that insurance coverage could not be placed. The licensee could not demonstrate that he notified the client about the lack of coverage and could not produce any records supporting this position. The creation of a false insurance document was inappropriate and contrary to the good faith requirement. Council ordered a fine of \$2000, a requirement that the licensee complete an errors and omissions course as well as investigative costs.

36. *Hanin Insurance Services Inc.* (January 2014) concerned a level one general salesperson licensee who in March 2010, with the assistance of a level two supervisor, visited and procured commercial insurance for a sushi restaurant offsite. In December 2010, the restaurant suffered a loss and made a claim for coverage under the commercial insurance policy. Part of the loss was not covered by the claim and concerns arose that the licensee failed to place adequate coverage for the restaurant or mislead the extent of coverage to the restaurant owner. It was determined that the level one general salesperson licensee conducted insurance business contrary to the condition that prohibited the licensee from engaging in insurance activities outside the agency office. The Agency did not have a formal training manual on proper practices and procedures. Council concluded that the licensee was not being properly trained or monitored and that proper supervision could have prevented the licensee from engaging in insurance activity outside its office in the manner that occurred. Council concluded that the transgression was due to inadequate supervisory oversight at the agency. The agency bears responsibility in situations where employee misconduct can be attributed to insufficient oversight within the agency. Council ordered a fine of \$5000 against the agency as well as investigative costs.
37. Council noted the circumstances of the precedents tended to be more egregious than the circumstances at hand and felt that the disciplinary measures for this case should be on the lower spectrum of the cases.
38. Council considered relevant mitigating and aggravating factors in this matter. The primary mitigating factor was that the Committee believed the breaches to be unintentional.
39. After weighing all the relevant considerations, Council has determined that the Agency and Nominee were in breach of Council's Rules and the Code of Conduct and concludes that it is appropriate for the Nominee to be reprimanded and required to complete the Council Rules Course. Council has concluded that it is appropriate for the Agency to be reprimanded and assessed the investigation costs of \$2,437.50.
40. 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 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

41. Pursuant to sections 231, 236 and 241.1 of the Act, Council made an intended decision to:

- a. Reprimand the Nominee;
- b. Require the Nominee to complete the Council Rules Course for general insurance and adjusters, within 90 days of Council's order;
- c. Reprimand the Agency;
- d. Assess Council's investigation costs in the amount of \$2437.50, against the Agency, to be paid within 90 days of Council's order;
- e. Impose a condition on the Nominee's licence that failure to complete the Council Rules Course for general insurance and adjusters within 90 days will result in the automatic suspension of the Nominee's licence, and the Nominee will not be permitted to complete the Nominee's 2024 annual licence renewal until such time as the Nominee has complied with conditions listed herein; and
- f. Impose a condition on the Agency's licence that failure to pay the investigation costs within 90 days will result in the automatic suspension of the Agency's licence, and the Agency will not be permitted to complete its 2024 annual licence renewal until such time as the Agency has complied with the conditions listed herein.

42. 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

43. If the Licensee wishes to dispute Council's findings or its intended decision, the 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 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

Intended Decision

Accost Insurance & Financial Centre Inc., and Nagdip Dhindsa
LIC-9142955C114674R1, LIC-118318C75359R1, COM-2020-00070

May 9, 2022

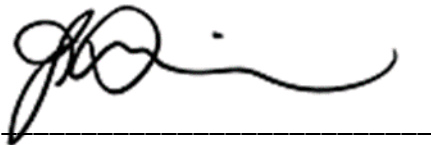
Page 9 of 9

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.

44. 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 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 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 **9th day of May, 2022.**

For the Insurance Council of British Columbia

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

Janet Sinclair
Executive Director