

**In the Matter of**

**The *FINANCIAL INSTITUTIONS ACT*  
(RSBC 1996, c.141)  
(the "Act")**

**and**

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

**and**

**ATEEYA ZAFFAR LAIL aka ATEEYA MANZOOR  
(the “Former Licensee”)**

## **ORDER**

As Council made an intended decision on July 15, 2014, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, forwarded written reasons and notice of the intended decision dated August 19, 2014 to the Former Licensee;

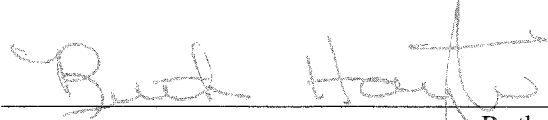
As the Former Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

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

1. The Former Licensee is prohibited from holding an insurance licence and from being a director, officer, partner, or controlling shareholder of an insurance licensee.
2. The Former Licensee is assessed Council’s investigative costs of \$5,000.00.
3. As a condition of this order, the Former Licensee is required to pay the above-ordered investigative costs no later than **December 9, 2014**.

Order  
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179441-11400  
September 9, 2014  
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This order takes effect on the **9<sup>th</sup> day of September, 2014.**

A handwritten signature in cursive script, appearing to read "Ruth Hoyte", written over a horizontal line.

Ruth Hoyte  
Chairperson, Insurance Council of British Columbia

**INTENDED DECISION**

of the

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

respecting

**ATEEYA ZAFFAR LAIL aka ATEEYA MANZOOR**  
(the “Licensee”)

and

**TRIFECTA RISK MANAGEMENT SOLUTIONS, INC**  
(the “Former Agency”)

**INTRODUCTION**

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee acted in compliance with the requirements of the Act.

Council staff prepared an investigation report and attempted to provide the investigation report to the Licensee, but the Licensee has not responded to any of Council’s correspondence regarding the investigation.

The investigation report was reviewed by Council at its July 15, 2014 meeting. At the conclusion of its meeting, Council determined the matter should be disposed of in the manner set out below.

**PROCESS**

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**

### **Background**

The Licensee was licensed as a Level 3 general insurance broker in Ontario from April 2004 to September 2011. The Former Agency has held a general insurance agent licence in British Columbia since February 1, 2010. The Licensee became the Former Agency's nominee on November 19, 2012.

The Former Agency was operated solely by the Licensee until June 28, 2012, when an individual (the "Agent") obtained authority to represent the Former Agency as a Level 1 general insurance salesperson. He subsequently obtained his Level 2 general insurance agent licence, effective April 9, 2013.

The Former Agency operated out of a small office space in Vancouver. All of the Former Agency's records were stored electronically on a website (the "Website"). The Former Agency only engaged in commercial lines business and had about ten clients with total premiums of approximately \$1,000,000.00. The Licensee controlled all access to the Website, and was also able to access and use the Agent's email account.

The Licensee instructed the Agent not to send copies of policies to the Former Agency's clients. She maintained control of the policies after they were received from insurers and took the policies with her when she shut down the Former Agency's operations.

On May 3, 2013, Council received a telephone call from one of the Former Agency's clients, advising they were unsure of the status of their insurance policy and had been unable to contact the Licensee or anyone at the Former Agency. The client became concerned when no policy documents were received from the Former Agency.

All attempts to contact the Licensee were unsuccessful. The Former Agency's telephone number was forwarded to the Agent's cellular telephone number. The Agent indicated that the Former Agency no longer had an office in Vancouver. He stated he had no idea how to reach the Licensee, and that he believed the Licensee had left the country.

The Former Agency's general insurance agent licence was terminated on May 3, 2013 and the Licensee's licence has been inactive since this time (subsequent to Council making its decision and the drafting of this intended decision, the Licensee's licence was terminated for failing to make her annual filing to Council).

## **Improper Transactions**

### ***Client 1: Failure to Place Coverage and Improper Collection of Premiums***

Client 1 is a privately-owned Calgary-based company. Its primary focus is the distribution of chemicals to the energy and industrial manufacturing industries. Client 1 first placed business with the Former Agency in December 2011.

On June 27, 2012, Client 1 received an invoice reflecting an extension of the coverage to an expiration date of January 31, 2013, as Client 1 wanted to adjust the expiry date to coincide with its fiscal term. Pollution coverage was added for a premium of \$5,000.00, plus a fee of \$1,250.00.

Client 1 paid the entire invoice of \$42,326.25 on June 29, 2012 by electronic funds transfer to a bank account belonging to the Former Agency, as instructed on the bottom of the invoice. This amount included a carried over balance owing of \$2,520.00.

Client 1 did not receive any insurance documents verifying that coverage terms had been extended. It has subsequently been determined through the insurer that the extension was never placed. Accordingly, the evidence indicates the Former Agency improperly collected a premium of \$39,806.25 from Client 1 on June 29, 2012.

A further invoice, dated November 28, 2012, appears to reflect the annual renewal premium to Client 1 with the addition of automobile insurance (the "Auto Policy"). The Auto Policy was sent to Client 1 by the Licensee in an email on December 28, 2012.

### ***Failure to Remit Premiums to the Intermediary***

The Former Agency brokered the Auto Policy through an insurance intermediary (the "Intermediary").

The Auto Policy, issued on November 19, 2012, had an effective date of October 31, 2012. The insurer sent the policy to the Intermediary, and the premium fee was added to the monthly billing. The Intermediary remitted the premium to the insurer, and invoiced the Former Agency \$26,890.00. The Intermediary stated it made numerous requests to the Former Agency for payment since the policy was first placed for Client 1, but it was continuously stalled by the Licensee.

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The Intermediary ultimately received a cheque from the Former Agency, dated March 14, 2013, in the amount of \$26,890.00. The cheque was returned as “*dishonored*.” Client 1 had paid the Former Agency the premium of \$26,890.00, plus a fee of \$4,033.50 for the Auto Policy on January 2, 2013. The Former Agency collected a premium of \$30,923.35, and failed to remit any portion to the Intermediary. According to the Auto Policy, the commission was already included in the premium.

A further invoice, dated February 28, 2013, reflected an addition to Client 1’s commercial property insurance (the “Addition Policy”) with a premium of \$20,000.00, and a fee of \$3,000.00. The invoice was emailed to Client 1 by the Licensee on February 28, 2013. The total invoice of \$23,000.00 was paid on March 4, 2013. It has subsequently been determined that the Addition Policy was never placed by the Former Agency, and the premium and fee in the amount of \$23,000.00 appeared to be improperly collected by the Former Agency.

The Former Agency improperly collected a total of \$93,729.75 in insurance premiums from Client 1. To date, the Intermediary has not been able to recover any of the premiums (\$26,890.00) from the Former Agency.

The Licensee and the Former Agency did not hold an active licence with the Alberta Insurance Council during the material time, as required by section 499 of the *Insurance Act* of Alberta.

#### *Failure to Remit Premiums to a Managing General Agent (“MGA”)*

An insurance wholesaler and MGA based out of Manitoba (the “Manitoba MGA”) placed coverage with an insurer for two of the Former Agency’s Ontario clients.

The Former Agency collected a total of \$87,901.10 from the Ontario clients directly, but did not remit any of the insurance premium funds to the Manitoba MGA. The Manitoba MGA made numerous requests for payment from the Former Agency. A cheque was ultimately issued by the Former Agency on April 3, 2013 for \$25,992.50, but it was returned by the bank due to insufficient funds in the Former Agency’s trust account.

The policies remained active with the insurer during the policy period. The total amount due to the Manitoba MGA from the Former Agency was \$79,217.50. This amount remains outstanding.

#### ***Client 2: Overcharging, Failure to Remit Premiums, and Failure to Place Coverage***

Client 2 is a privately-owned resort community in British Columbia. The Former Agency began acting as Client 2’s insurance broker in December 2011. Various types of insurance coverage were placed for the policy terms of December 2011 to December 2012, and December 2012 to December 2013. The policy at issue was umbrella liability insurance (the “Liability Policy”).

Following the Former Agency's licence termination in May 2013, Client 2 reviewed its business with the Former Agency. Client 2 states it did not receive a copy of the Liability Policy. Copies of the 2011 to 2012 and 2012 to 2013 policies have since been obtained by Client 2, which reflect much lower insurance premiums than those paid by the resort. The records suggest the Former Agency overcharged Client 2 for the premiums for the Liability Policy for two policy terms for a total amount of \$140,779.00.

Records show that on January 31, 2012, Client 2 was invoiced by the Former Agency to pay a premium of \$100,000.00, minus an "*HST Adjustment*" of \$2,000.00, for a total of \$98,000.00 for a policy that had an actual premium of \$22,500.00 with a policy term of December 16, 2011 to December 16, 2012. The Former Agency collected an excess amount of \$75,500.00 above the actual premium.

The following year, the Liability Policy was renewed for a policy term of December 16, 2012 to December 16, 2013. The actual premium was the same as the previous year, \$22,500.00. On December 28, 2012, the Former Agency issued an invoice to Client 2 for various insurance policies, including \$87,779.00, which was referenced as "*Excess Liability Insurance*." The Former Agency collected an excess of \$65,279.00.

In addition, on May 23, 2013, Client 2 became aware that the premiums for an accidental death and dismemberment policy obtained in October 2012 had not been received by the insurer. The Former Agency collected \$1,321.92 in premiums from Client 2, and failed to remit any portion to the insurer.

### ***Client 3: Overcharging, Failure to Place Coverage, and Failure to Remit Premiums***

On May 3, 2013, Client 3 received a registered notice for a commercial insurance policy cancellation from the Intermediary. Client 3 provided proof of payment made to the Former Agency, following receipt of an invoice issued by the Former Agency on February 7, 2013 for \$19,639.20.

The actual policy premium, according to the Intermediary, was \$14,700.00. The Former Agency did not remit any portion of the premium paid by Client 3 to the Intermediary.

### ***Errors & Omissions ("E&O") Insurance***

In December 2012, the Former Agency obtained a new E&O insurance policy (the "E&O Policy") with effective dates of December 19, 2012 to December 19, 2013. The Former Agency did not pay any premiums to the insurer, resulting in a cancellation letter sent on May 23, 2013.

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On April 3, 2013, the Licensee signed a contract with a premium financing company to borrow funds to pay for the E&O Policy. According to the contract with the financing company, the Former Agency was the wholesale broker of the E&O Policy. There was no mention of the insurer being the actual provider.

The contract signed by the Licensee stated that the E&O Policy effective date was December 19, 2012, with a premium of \$8,884.40. This is \$4,000.00 above the actual policy premium issued by the insurer. The Former Agency misrepresented its circumstances to obtain an additional loan of \$4,855.10, which was actually intended for E&O insurance premium dues.

### **ANALYSIS**

Council found that the Licensee misappropriated funds in excess of \$340,000.00 for her own benefit, and placed her clients at significant risk by failing to secure coverage. The Licensee and the Former Agency overcharged clients by misleading them as to premium values, failing to remit premiums to insurance intermediaries, and misrepresenting their circumstances to obtain a loan under false pretenses.

Council determined that the Licensee and the Former Agency failed to act in a trustworthy and financially reliable manner and in good faith, contrary to its Code of Conduct. Council was troubled that the Licensee mishandled significant insurance policies that could have resulted in extensive, uninsured losses.

At the time it considered this matter, Council determined that while the Licensee's licence was inactive, and she therefore did not pose an immediate risk to the public, the possibility of her future participation in the insurance industry does pose a public risk. The concerns regarding the Licensee's trustworthiness and suitability were aggravated by her complete lack of cooperation with Council's investigation and failure to provide any restitution to those affected by her misconduct.

Council held that for both punitive and deterrence reasons, and to protect the public, the Licensee should not be allowed to hold an insurance licence. In light of the Licensee's overall unsuitability and the risks posed to the public, Council further determined the Licensee should be prohibited from holding an insurance licence and from being a directing mind of, or holding management responsibilities at, an insurance agency.



## **INTENDED DECISION**

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

1. Prohibit the Licensee from holding an insurance licence and from being a director, officer, partner, or controlling shareholder of an insurance licensee.
2. Assess the Licensee Council's investigative costs of \$5,000.00.

The Former Agency and the Licensee are advised that should the intended decision become final, the costs will be due and payable within 90 days of the date of the order.

The intended decision will take effect on **September 9, 2014**, subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

## **RIGHT TO A HEARING**

If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee must give notice to Council by delivering to its office written notice of this intention by **September 8, 2014**. A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director.

If the Licensee does not request a hearing by **September 8, 2014**, the intended decision of Council will take effect.

Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 30 days to file a Notice of Appeal, once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at [fst.gov.bc.ca](http://fst.gov.bc.ca) or contact them directly at:

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Financial Services Tribunal  
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V8W 9V1

Reception: 250-387-3464

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Dated in Vancouver, British Columbia, on the **19<sup>th</sup> day of August, 2014.**

For the Insurance Council of British Columbia



Gerald D. Matier  
Executive Director

GM/rg