

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

and

The INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

and

HARINDER SINGH GHAG
(the “Licensee”)

ORDER

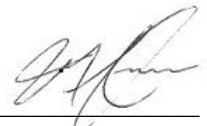
As Council made an intended decision on August 15, 2017, pursuant to section 231 of the Act;
and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons
and notice of the intended decision dated November 9, 2017; and

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

Under authority of section 231 of the Act, Council orders that the Licensee’s life and accident and
sickness insurance licence is cancelled.

This order takes effect on the **23rd day of November, 2017.**



Michael Connors, CIP, CRM
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

HARINDER SINGH GHAG
(the “Licensee”)

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation into allegations the Licensee cheated and/or colluded with others to cheat on Council’s pre-licensing exam (“LLQP Exam”) for obtaining a life and accident and sickness insurance agent (“life agent”) licence.

An investigation report was considered by Council at its August 15, 2017 meeting, where it was 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 section 231 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

The Licensee obtained a life agent licence in British Columbia in November 2016 and is authorized to represent an agency (the “Agency”) that is licensed in British Columbia to engage in life insurance activity.

The Agency is actively involved in recruiting individuals to become life agents. Its recruitment process relies primarily on existing life agents, with the authority to represent the Agency, doing the recruiting. Once an individual is recruited and subsequently obtains a life agent licence, the new life agent becomes part of the recruiting life agent’s “team.”

An individual seeking to obtain a life agent licence must first successfully complete the four study modules that make up the Life Licence Qualification Program (“LLQP”). The LLQP is divided into four specific areas: Life Insurance, Accident and Sickness Insurance, Segregated Funds, and Ethics and Professional Practice. Once an individual has completed the LLQP, the individual is required to write the LLQP Exam, which consists of four exam modules. The LLQP Exam is multiple choice, with each question having four possible answers. Each exam module consists of a number of exam versions.

In early 2017, a collusion detection analysis was performed on the LLQP Exam results from across Canada (the “Collusion Report”). The Collusion Report analyzed LLQP Exam answers and identified a number of examinees who wrote in British Columbia with similar answer sequences. Based on the Collusion Report, Council commenced an investigation and found that all the individuals in British Columbia identified as having similar answer sequences are linked to the same branch office of the Agency.

The Collusion Report identified the Licensee as one of the individuals who used an answer pattern similar to that used by a number of examinees and licensees (“Collusion Sequences”) from the same branch office of the Agency. Based on the Collusion Report, the Licensee used a Collusion Sequence when writing the Segregated Funds module of the LLQP Exam on October 13, 2016. Further investigation found the Licensee also used Collusion Sequences when writing the Life Insurance and Accident and Sickness Insurance modules of the LLQP Exam in October 2016.

As there are different versions of exams for each module of the LLQP Exam, using the Collusion Sequence can result in different scores for examinees, depending on which version is written. For example, a different recruit from the Agency used the Collusion Sequence used by the Licensee on a version of the Segregated Funds exam module and scored 0%, while the Licensee passed because he wrote a different version of the Segregated Funds exam module. Similarly, a different recruit from the Agency used the Collusion Sequence on a version of the Life Insurance exam module and scored 33%, while the Licensee passed because he wrote a different version of the Life Insurance exam module.

In total, over 5,500 LLQP Exam results in British Columbia were reviewed and the only examinees/licensees identified as having used the Collusion Sequence are linked to the same branch office of the Agency, which includes the Licensee and recruits belonging to his team.

The Licensee was interviewed in September 2017, at which time he denied being provided or obtaining a Collusion Sequence when completing the LLQP Exam. When advised that he and a number of other recruits/licensees from the same branch office had used the Collusion Sequence, the Licensee could provide no explanation as to how this could have occurred.

ANALYSIS

Council found that the Licensee's use of the Collusion Sequence brought into question his LLQP Exam results. Council acknowledged that the use of the Collusion Sequence, by itself, is not sufficient evidence to suggest that the Licensee cheated. However, when factors such as the probability of multiple people using the same Collusion Sequence are considered, along with the fact that all the persons using the Collusion Sequence are from the same branch office of the Agency, Council found that, on a balance of probability, the Licensee cheated on the LLQP Exam.

Council noted that the probability of multiple affiliated individuals having identical answers (both right and wrong), without colluding or cheating, while statistically possible, is extremely low. However, when considering the fact that individuals used the Collusion Sequence on other versions of the same exams, the logical conclusion is that cheating and/or collusion occurred.

Another contributing factor is that no other examinees in British Columbia, except those affiliated to the same Agency's branch office, have been identified as having used the same or similar Collusion Sequence.

Pre-licensing examinations are designed to enable licence applicants to demonstrate that they have the minimum competency required to obtain an insurance licence. Any attempt to collude or cheat on a pre-licensing exam brings into question an individual's competency, trustworthiness, and their ability to act in good faith.

Council concluded, based on the information before it, that the Licensee's use of the Collusion Sequence demonstrated that he cheated on the LLQP Exam. By cheating, he failed to demonstrate that he has the required knowledge to hold a life agent licence.

Council found that the Licensee has failed to demonstrate that he has the minimum knowledge to hold a life agent licence. By cheating on the LLQP Exam, the Licensee has brought into question his suitability to hold an insurance licence. Council determined that the Licensee's life agent licence should be cancelled.

INTENDED DECISION

Pursuant to section 231 of the Act, Council made an intended decision to cancel the Licensee's life and accident and sickness insurance licence.

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

If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee must give notice to Council by delivering to its office written notice of this intention **within 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 Licensee does not request a hearing **within fourteen (14) days of receiving this intended decision**, 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 or contact them directly at:

Financial Services Tribunal
PO Box 9425 Stn Prov Govt
Victoria, British Columbia
V8W 9V1

Reception: 250-387-3464
Fax: 250-356-9923
Email: FinancialServicesTribunal@gov.bc.ca

Dated in Vancouver, British Columbia, on the 9th day of November, 2017.

For the Insurance Council of British Columbia



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