

In the Matter of the

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

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
 (“Council”)

and

NARINDER SINGH SANDHU
(the “Former Licensee”)

ORDER

As Council made an intended decision on June 13, 2023, 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 July 25, 2023; 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:

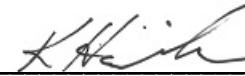
- 1) The Former Licensee is fined \$1,500, to be paid by November 20, 2023, and which must be paid in full prior to being licensed in the future;
- 2) The Former Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, by November 20, 2023, and which must be completed prior being licensed in the future:
 - i. Council Rules Course for life and/or accident & sickness insurance;
 - ii. Knowing the Code of Professional Conduct currently offered by Advocis; and
 - iii. The Value of Errors and Omissions Insurance currently offered by Advocis

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(collectively, the “Courses”);

- 3) The Former Licensee is assessed Council’s investigation costs of \$1,250, to be paid by November 20, 2023 and which must be paid in full prior to being licensed in the future.

This order takes effect on the **22nd day of August, 2023**



Per Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

NARINDER SINGH SANDHU

(the “Licensee”)

1. 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 Rules, and Code of Conduct, and in particular to determine whether the Licensee breached section 7 (“Licence Conditions”) of the Council Rules and section 3 (“Trustworthiness”), section 4 (“Good Faith”), section 12 (“Dealing with the Insurance Council of British Columbia”) and section 13 (“Compliance with Governing Legislation and Council Rules”) of the Code of Conduct related to allegations that the Licensee failed to maintain Errors and Omissions insurance (“E&O”), failed to notify Council of the E&O lapse, and failed to notify Council of prior discipline by the Alberta Insurance Council (“AIC”) and information relating to notification requirements under Council Rule 7(3)(a).
2. On April 3, 2023, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met with the Licensee via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Committee and the Licensee prior to the meeting. A discussion of the investigation report took place at the meeting and the Licensee was given an opportunity to make submissions and provide further information. Having reviewed the investigation materials and having discussed the matter with the Licensee, the Committee prepared a report for Council.
3. The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its June 13, 2023, 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 Licensee first became licensed with the Insurance Council as a life and accident and sickness insurance agent (“Life Agent”) on June 13, 2017. At the material time, the Licensee had an authority to represent (“ATR”) an agency (the “Agency”). The Licensee’s contract with the Agency ended on February 22, 2018, and the Licensee’s Life Agent licence was terminated on August 1, 2018, for non-renewal.
6. The Licensee then became relicensed as a Life Agent on September 23, 2019. The Licensee held an ATR with the Agency from September 23, 2019, to October 27, 2020.
7. The Licensee held an ATR with a second agency from November 6, 2020, to October 21, 2021. The Licensee also held a contract with a managing general agency (the “MGA”) from January 12, 2022, to March 24, 2022, when his contract was terminated.
8. On March 31, 2022, the MGA forwarded a termination letter to the Insurance Council advising that the Licensee’s contract had been terminated effective March 24, 2022, as he had not passed their screening process. The termination letter indicated that the Licensee did not disclose required information on the screening questionnaire and regulatory enforcement action by the AIC.
9. During Council’s investigation, it was determined that the Licensee’s E&O had lapsed twice: once from September 23, 2019, to December 3, 2019, and again from August 15, 2021, to October 5, 2021 (the “Lapse Periods”).
10. The Licensee did not notify Council of the E&O lapses. The Licensee advised that he did not conduct any insurance business during the E&O Lapse Periods. The Agency’s nominee confirmed that the only insurance transaction the Licensee processed was on May 15, 2020, when the Licensee held E&O. The MGA also confirmed that the Licensee had not sold any policies while contracted with them.
11. Furthermore, the Licensee did not notify Council of his discipline by the AIC. The AIC suspended the Licensee’s Alberta licence on October 8, 2019, and issued a fine of \$500 for failing to provide information to verify E&O coverage.
12. The Licensee advised that when he completed the MGA screening questionnaire, he had done so with the assistance of another individual at the MGA, who entered the information on his behalf.

13. Additionally, the Licensee did not meet the requirements of Council Rule 7(3), as the Licensee did not provide information to Council as per the rule. Based on advice given to the Licensee by the individual who assisted in the MGA questionnaire, the Licensee answered "no" on the understanding that the information requested on the questionnaire was unrelated to insurance and therefore would not be applicable or need to be disclosed.
14. The Licensee explained he had been coping with health issues that required hospitalization in May of 2019 and a long period of recovery thereafter. Additionally, the Licensee advised he had been experiencing family difficulties during the same period. The Licensee explained that these health challenges and personal struggles contributed to the first E&O lapse in 2019, though the Licensee did not have an explanation for how or why his E&O had lapsed in 2021.
15. The Licensee was asked about delays in responding to Council investigators' inquiries regarding the Licensee's failure to notify Council of a matter in accordance with Council Rule 7(3)(a). The Licensee explained he was intending to respond but was waiting for the resolution of the matter which was required to be reported, and caused unanticipated delays in responding to Council's investigator.

ANALYSIS

16. Council concluded that the Licensee failed to maintain his E&O coverage and that the Licensee failed to notify Council within five days of the E&O lapse. Council also concluded that the Licensee failed to notify Council of prior regulatory discipline and information as required by Council Rule 7(3)(a) and the Code of Conduct.
17. However, Council has determined that the Licensee has not breached section 3 or 4 of the Code of Conduct, relating to trustworthiness and good faith. With respect to section 3, Council finds the Licensee's conduct has not been dishonest, nor has it been the product of a willful disregard of the rules as required by section 4 of the Code of Conduct.
18. Prior to making its recommendation, Council took several past Council decisions regarding lapses in E&O and failure to notify Council of charges and/or discipline by other financial sector regulators into consideration as precedents. The following precedent summaries were considered by Council to be instructive.
19. [Maria Rhodora Banada Thomas](#) (July 2018) concerned a Life Agent whose E&O coverage lapsed. The licensee advised Council that the lapse was due to inadvertence and that she had not

conducted insurance business during the lapse period. Despite finding the breach of Council Rule 7(11) was unintentional, Council imposed a \$1,000 fine. This decision stands for the proposition that Council, in most circumstances, should apply a minimum fine of \$1,000 for a failure to maintain E&O coverage as required by Council Rule 7(11).

20. [Kelsie Dawn Lang](#) (June 2019) concerned a Level 1 general salesperson licensee. After obtaining her licence, she was charged under the Criminal Code for committing theft of \$5,000 or under and was later convicted. The licensee did not notify Council about either the charge or conviction, contrary to Council Rule 7(3)(a)(iv). The Licensee was issued a reprimand.
21. [Rey Orlando Sua Carreno](#) (March 2019) concerned a licensee who was ordered to pay a \$1,000 fine for failing to notify Council of a personal bankruptcy, and an additional \$1,000 for making a material misstatement regarding bankruptcy on his re-application for a licence. The licensee was also required to complete course requirements and to undergo a two-year period of supervision.
22. Having reviewed the precedents, Council determined that it is appropriate to assess a fine of \$1,000 for each lapse in E&O and require the Licensee to complete the Council Rules Course.
23. Council concluded that there are several mitigating factors in these circumstances. Council determined that the Licensee's health and familial problems played a significant role during the periods of misconduct, which Council found to be a mitigating factor. Council concluded that the Licensee's account of only completing three insurance transactions since being licensed demonstrated the Licensee's lack of experience in the industry. Furthermore, the Licensee did not appear to receive the support required by an inexperienced licensee which Council determined to be a mitigating factor. Council concluded the Licensee was forthcoming, honest, and remorseful.
24. Council identified aggravating factors, including that the Licensee admitted to not having read the Council Rules or Code of Conduct, and he was uncertain about his E&O requirements. Overall, Council concluded that the mitigating factors outweighed the aggravating factors in these circumstances.
25. Council concluded that a fine is appropriate in the circumstances to communicate to the Licensee, the insurance industry, and the public, that insurance agents are expected by Council to perform their roles competently. Council has determined that it is appropriate that the Licensee is ordered a fine of \$1,500 for breaches relating to mandatory E&O coverage and for the Licensee's non-disclosure as required by Council Rule 7(3) and prior discipline with the AIC.
26. Council determined the Licensee would benefit from completing courses to provide the Licensee with additional resources relating to the practice of insurance.

27. Council strongly urges the Licensee to obtain appropriate supervision or training to ensure the Licensee's conduct meets the requirements of the usual practice of the insurance industry, especially given the Licensee's inexperience.
28. With respect to investigation costs, Council believes that these costs should be assessed 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

29. Pursuant to sections 231, 236 and 241.1 of the Act, Council made an intended decision to:
 - a. Fine the Licensee \$1,500, to be paid within 90 days of Council's order;
 - b. Require the Licensee to complete the following courses, or equivalent courses as acceptable to Council, within 90 days of Council's order:
 - i. Council Rules Course for life and/or accident & sickness insurance;
 - ii. Knowing the Code of Professional Conduct currently offered by Advocis; and
 - iii. The Value of Errors and Omissions Insurance currently offered by Advocis(collectively, the "Courses");
 - c. Assess the Licensee Council's investigation costs of \$1,250, to be paid within 90 days of Council's order; and
 - d. Impose a condition on the Licensee's life and accident and sickness insurance agent ("Life Agent") licence that failure to complete the Courses, pay the fine and investigation costs in full within 90 days will result in the automatic suspension of the Licensee's Life Agent licence, and the Licensee will not be permitted to complete the Licensee's 2025 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.

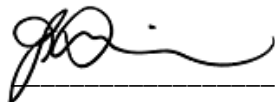
30. Subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act, the intended decision will take effect after the expiry of the hearing period.

RIGHT TO A HEARING

31. 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 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.
32. 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.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 **25th day of July, 2023**.

For the Insurance Council of British Columbia



Janet Sinclair
Executive Director