

In the Matter of the

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

and the

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

and

**AMANPRIT SINGH GHAUG**  
(the “Licensee”)

and

**MARQUIS UNDERWRITING MANAGERS LTD.**  
(the “Former Agency”)

**ORDER**

As Council made an intended decision on September 19, 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 Licensee and Former Agency with written reasons and notice of the intended decision dated December 6, 2023; and

As the Licensee and Former 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 Licensee is fined \$2,000, to be paid by April 10, 2024;
- 2) The Former Agency is fined \$2,500, to be paid by April 10, 2024, and which must be paid in full prior to the Former Agency being licensed in the future;
- 3) The Licensee is ineligible to upgrade to a Level 3 general insurance agent licence for a period of five years, commencing on January 11, 2024;

Order

Amanprit Singh Ghaug and Marquis Underwriting Managers Ltd.

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- 4) The Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, by July 9, 2024:
  - a. the Council Rules Course for general insurance salespersons and agents; and
  - b. the Privacy Compliance Course – How to Protect Your Brokerage Part 1 and 2 course, offered through the Insurance Brokers Association of BC; (Collectively, the “Courses”);
- 5) The Licensee and the Former Agency are jointly and severally assessed Council’s investigation costs of \$3,062.50, to be paid by April 10, 2024, and which must be paid in full prior to the Former Agency being licensed in the future;
- 6) A condition is imposed on the Licensee’s general insurance licence that failure to pay the fine and investigation costs by April 10, 2024, and failure to complete the Courses by July 9, 2024, will result in the automatic suspension of the Licensee’s general insurance licence, and the Licensee will not be permitted to complete the Licensee’s 2026 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.

This order takes effect on the **11<sup>th</sup> day of January, 2024**



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Janet Sinclair, Executive Director  
Insurance Council of British Columbia

## **INTENDED DECISION**

of the

### **INSURANCE COUNCIL OF BRITISH COLUMBIA**

(“Council”)

respecting

### **AMANPRIT SINGH GHAUG**

(the “Licensee”)

and

### **MARQUIS UNDERWRITING MANAGERS LTD.**

(the “Former Agency”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee and/or Former Agency breached the Council Rules and/or the Code of Conduct related to allegations that the Licensee and/or Former Agency issued policy declaration pages that closely resembled those issued by another insurance agency and that the policy declaration pages evidenced coverage by several insurers for a client when no coverage had been bound.
2. On July 11, 2023, 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 distributed to the Committee, the Licensee, and the Former Agency prior to the meeting, and the Licensee and Former Agency were given an opportunity to make submissions and provide further information. The Licensee attended the meeting. A discussion of the investigation report took place at the meeting.
3. Having reviewed the investigation materials and having discussed the matter at the July 11, 2023 meeting, the Committee prepared a report for Council which was reviewed by Council at its September 19, 2023 meeting. Council determined that 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 and Former Agency of the action it intends to take under sections 231, 236 and 241.1 of the Act before

taking any such action. The Licensee and Former Agency 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 and Former Agency.

## **FACTS**

5. The Licensee has held a general insurance licence with Council since April 11, 2001. The Licensee was first licensed as a Level 1 general insurance salesperson ("Level 1 Salesperson") on April 11, 2001, and upgraded to a Level 2 general insurance agent ("Level 2 Agent") on October 12, 2010. The Licensee was a Level 3 general insurance agent ("Level 3 Agent") from September 20, 2016 to May 1, 2021. He is currently licensed as a Level 2 Agent.
6. The Licensee was the nominee of the Former Agency between September 20, 2016 and May 1, 2021. The Licensee was also the owner of the Former Agency. The Former Agency held a corporate general licence with Council from September 20, 2016, to August 4, 2021.
7. 
8. On May 22, 2020, Council received a complaint from an insurance agency (the "Agency"), alleging that policy declaration pages (the "Declaration") closely resembling those issued by the Agency had been issued by the Former Agency. The complaint specified that the contract numbers and insurers appearing on the Declaration represented agreements that the Agency had with insurers under its proprietary strata insurance program, and therefore could not represent insurance coverage placed by the Former Agency with the insurers as shown. The Declaration displayed the Former Agency's name.
9. The Agency provided a copy of its template and conducted a side-by-side comparison of its template and the Declaration. The Former Agency issued the Declaration in July 2019 to a strata corporation (the "Insured") as it was the insurance agent of record at the time. The Agency explained that it had been asked to provide a quote for the Insured and in the process, it had been given a copy of the Declaration.
10. Council received subsequent complaints from two insurers. The insurers advised that they had been notified by the Agency of the Declaration issued by the Former Agency showing that they were providing coverage for the Insured. Both insurers advised Council that they had not bound any coverage for the Insured through the Former Agency.

11. Council received information from another insurance agency (the “Other Agency”). The Other Agency was concerned that the Declaration displayed contract numbers that were unique to their organization and not available to the Former Agency.

#### The Licensee’s Submissions to Council

12. In the Licensee’s initial submissions to Council, the Licensee admitted that the Declaration was incorrect and should not have been sent to the Insured. He apologized for the misconduct and accepted responsibility as he was the nominee of the Former Agency.
13. The Licensee confirmed that insurance coverage had been arranged by the Former Agency and bound; however, the document issued to the Insured was incorrect. The Licensee stated that the Former Agency did not write many strata risks, and the few strata risks it had arranged insurance for were small, such as duplexes, with an average premium of \$4,000–\$5,000.
14. The Licensee stated that at the time of the issuance of the Declaration, the Former Agency had administrative employees who would access templates stored in the Former Agency’s system and edit the templates to produce binders and/or certificates. These documents were not otherwise protected against manipulation. Administrative employees were handling the issuance of certificates of insurance.
15. The Licensee did not know where the template for the Declaration had come from. The Licensee stated that it could have been a customer’s document, or a generic form intended for future use as a reference.

#### Review Committee Meeting

16. The Licensee explained to the Committee that he was not made aware of the Declaration until May 2020 when the Other Agency notified him. At the time the Declaration was issued, the Licensee was not working full-time at the Former Agency as he was dealing with a family matter. The Former Agency only had a few employees.
17. The Licensee confirmed that the Insured had valid coverage and was given the correct insurance documentation multiple times during the policy term. He explained that the Insured suffered a water damage claim in October 2019 and the claim was successfully paid out. Further, he confirmed that the Insured was notified in or around July 2020 that the Declaration was issued in error.

18. The Licensee explained that various certificate templates were saved in the shared folders for staff to use, which were unprotected from editing. Further, his staff had access to the Licensee's email account and had sent emails on his behalf.
19. After the incident, the Licensee hired an office manager and implemented a new procedure that required insurance documents to be reviewed by two individuals. He had audited his other strata files to confirm that they were in good order. In addition, he suggested to his staff that they obtain additional education. Also, the Former Agency began to utilize new insurance software and reduced its reliance on shared folders and paper files.
20. As a result of the incident, the Licensee told the Committee that he was no longer comfortable acting as a nominee and decided to close the Former Agency. He stated that it had taken a toll on him emotionally and impacted him professionally with his peers.

#### **ANALYSIS**

21. Council considered the impact of Council's Code of Conduct (the "Code") on the Licensee and Former Agency's conduct, including section 3 ("Trustworthiness"), section 4 ("Good Faith"), section 5 ("Competence"), section 7 ("Usual Practice: Dealing with Clients") and section 8 ("Usual Practice: Dealing with Insurers"). Council concluded that the Licensee and Former Agency's conduct amounted to clear breaches of the aforementioned sections of the Code and professional standards set by the Code. In addition, Council determined that the Licensee breached Council Rule 7(6). Licensees are required by Council Rule 7(8) to comply with the Code.
22. Council determined that the Licensee and Former Agency breached the principle of trustworthiness by using the Agency's information for a purpose other than intended, and by sending the Declaration without the knowledge and consent of the Agency. Although there was no direct harm to the Insured and no evidence to suggest malintent on the part of the Licensee and Former Agency, Council was concerned that the Licensee and Former Agency did not provide timely notification to the Insured that the Declaration was incorrect. Further, Council was troubled that the Licensee allowed other individuals at the Former Agency to have access to his email and send emails on his behalf. Clients would expect the sender of an email to be from that individual.
23. Similarly, Council found that the Licensee and Former Agency breached the principle of good faith. Council concluded that the misconduct stemmed from a willful disregard of duties and obligations under the Council Rules and Code. The Licensee and Former Agency did not have

authorized access, use and disclosure of the Declaration. Although Council determined that the Licensee and Former Agency did not purposely intend to mislead, there was no evidence to suggest that the Insured's interest was prioritized. Council found that the Former Agency was more culpable as there was no protocol in place to prevent documents from being manipulated.

24. Council determined that the Licensee and Former Agency failed to engage in the usual practice of the business of insurance. The Former Agency did not have proper file handling procedures in place to provide for the safekeeping of records and emails, which was evident as the Licensee did not know which individual created the Declaration. In Council's view, the lack of recordkeeping was particularly egregious. There was no separate oversight over the Licensee as he was the sole owner of the Former Agency, which Council found to be troubling as the Licensee was also the nominee of the Former Agency. To that end, Council found that the Licensee breached Council Rule 7(6), as the Declaration was issued while he was the nominee. Council concluded that the Licensee did not properly supervise his staff. In addition, the Licensee practiced in strata insurance when he had a lack of experience in the area.
25. Following the above, Council determined that the Licensee and Former Agency breached the "Usual Practice: Dealing with Clients" principle. Council believed that the Licensee and Former Agency were focused on generating business, rather than exercising due diligence and ensuring correct documents were issued. Although there was no intent to harm the Insured, the Licensee and Former Agency showed a lack of professionalism towards the Insured as the Declaration displayed coverage that was not bound. Also, although it was one document, Council believed that the Insured must have found the Declaration to be relevant as it was forwarded to the Agency.
26. Council determined that the Licensee and Former Agency breached the "Usual Practice: Dealing with Insurers" principle by failing to provide full and accurate information as the Declaration did not represent the coverage arranged by the Former Agency. The Former Agency did not represent insurance products fairly and accurately as it did not have contracts with the insurers listed.

#### **PRECEDENTS**

27. Council is not bound by precedent to follow the outcomes from prior decisions, but similar conduct should result in similar outcomes within a reasonable range depending on the particular facts of the case.
28. With respect to the Licensee and Former Agency's misconduct, Council considered the cases of [Accost Insurance & Financial Centre Inc. and Nagdip Dhindsa \(June 2022\)](#), [Troy Wotherspoon](#)

[Insurance Services Ltd. and Lung Hwa \(Andy\) Tan and Troy John Wotherspoon \(May 2020\)](#), [The Whistler Shoppe LTD. dba The Whistler Insurance Shoppe and Peggy Kathleen Johannson \(April 2016\)](#), [Tarlok Singh Chandi \(December 2016\)](#), [Richard Alfred Ford \(April 2013\)](#), and [Colleen Theresa Bustillo \(November 2011\)](#).

29. [Accost Insurance & Financial Centre Inc. and Nagdip Dhindsa](#) (June 2022): concerned a failure by an agency to provide adequate notice to a client of a policy cancellation, and a failure to properly document communications and instructions from a client. The client had a homeowner insurance policy that contained a roof exclusion on the policy. The client became upset with the agency that he was denied a roof claim due to the roof exclusion clause in the policy and stated that he would not conduct further business with the agency; however, the agency was unable to provide any documentation that referenced the client's verbal statement. The agency failed to provide information received from the insurer pertaining to renewal terms. Instead, the agency provided the client notification of cancellation of coverage 14 days before the cease of coverage. The policy eventually lapsed. Council found that the agency failed to provide adequate notice to the client of the policy cancellation and failed to properly document communications and instructions from the client. Council concluded that there was an inadequate level of supervisory oversight by the agency as well as the nominee. However, Council found the breaches to be unintentional. The nominee and agency were reprimanded. Council required the nominee to complete the Council Rules Course and assessed the agency investigation costs.
  
30. [Troy Wotherspoon Insurance Services Ltd. and Lung Hwa \(Andy\) Tan and Troy John Wotherspoon](#) (May 2020): concerned a failure by an agency to bind a storage insurance policy for a client. The client had submitted an application for a storage insurance policy to the agency and after receiving a quote from an insurer, the client had instructed the licensee handling the file to move forward with the policy. The licensee placed the application with the client's credit card information on a colleague's desk with instructions to bind the quote and process the payment. After the client contacted the licensee to file an insurance claim, the licensee discovered that the policy had never been bound or had its payment processed. The nominee took action and was successful in convincing another insurer to reinstate and backdate the homeowner's coverage that the client previously had. The client was paid the policy limit on the homeowner's coverage. Council concluded that both the licensee and the nominee failed to notify the client that the agency failed to bind the storage insurance policy. Council was troubled by the inappropriately casual approach of the agency towards the handling of client information, and in particular, the credit card information of the client. Further, Council had concerns that the agency lacked appropriate procedures and commitment to best practices, as it did not appear that the incident with the client resulted in the development of new policies at the agency or induced changes to work practices. Council fined the licensee and nominee \$1,500 each, fined the agency \$2,000,

required the licensee and nominee to complete the Council Rules Course and an errors and omissions course, and assessed the agency investigation costs.

31. [\*The Whistler Shoppe LTD. dba The Whistler Insurance Shoppe and Peggy Kathleen Johannson\*](#) (April 2016): concerned an error occurring at an agency that resulted in a client's insurance policy not being renewed upon expiration. Due to a change in a program, the agency had a list of policies that had to be re-marketed with a new insurer and manually renewed. The licensee responsible for processing the renewals failed to complete the renewal for a client who subsequently suffered a loss. Council concluded that the licensee's failure was an administrative error that did not reflect on her overall ability to act competently and in accordance with the usual practice of the business of insurance. Council was more concerned by a lack of proper administrative and financial procedures being in place at the agency and with the nominee's failure to provide appropriate oversight. Council required the licensee to complete an errors and omissions course. Council fined the nominee \$2,500, required her to complete the Level 3 seminar, and put a condition on her licence limiting her to being the nominee for a maximum of two agencies unless there is a full-time Level 3 Agent in regular attendance at every agency for which she is a nominee. Finally, Council fined the agency \$5,000, assessed its investigation costs, and required the agency to have a full-time Level 3 Agent in regular attendance.
32. [\*Tarlok Singh Chandi\*](#) (December 2016): concerned a Level 2 Agent licensee who altered insurance documents on two occasions and provided them to a client in an attempt to prevent the client from moving its insurance business elsewhere. The licensee altered an insurance document by changing the policy number and altered the interim cover note for another policy. The client's insurance coverage was not affected. Council found that the licensee failed to act in good faith and in accordance with the usual practice of the business of insurance by creating false insurance documents. Council accepted that the licensee was remorseful and that he did not intend to harm the client. However, Council noted that the licensee had extensive experience as an insurance agent. Council determined that the principles of general and specific deterrence could be better served through the assessment of a significant fine, a period of supervision, and a requirement to complete specific education. Council fined the licensee \$10,000, required the licensee to be supervised by a Level 3 Agent for two years, required the licensee to complete an ethics course and the Council Rules Course, and assessed the licensee's investigation costs.
33. [\*Richard Alfred Ford\*](#) (April 2013): concerned a Level 2 Agent licensee who failed to place insurance coverage for three different clients while working for his former employer and, even though no coverage was in place, he created cover notes for these clients, which he subsequently forwarded to them. The licensee had been licensed for over 30 years. Council found that there was not sufficient evidence to suggest the licensee intentionally failed to place coverage, but determined

that his failure to recognize that coverage was not placed in all circumstances was negligent, and demonstrated a serious disregard for his clients' best interests. Council also held that the licensee's failure to document the clients' files fell outside the usual practice of the business of insurance. The licensee was fined \$6,000, required to take an errors and omissions course, and assessed investigation costs. The licensee was required to notify his employer of Council's decision and restricted to general insurance business under the direct supervision of the nominee for any insurance agency for two years.

34. [\*Colleen Theresa Bustillo\*](#) (November 2011): concerned a Level 1 Salesperson licensee who failed to place coverage, knowingly issued a false confirmation of coverage to a client's lawyer, and issued a false policy document to a client. The licensee had approximately seven years of insurance experience. Council felt that the licensee ought to have demonstrated better application of her knowledge and skill throughout the transactions. Council found that the licensee did not set out to cause harm to her clients or further her own interests. The licensee was fined \$2,000, required to take an errors and omissions course, and assessed investigation costs. The licensee was also restricted to holding a Level 1 Salesperson licence for a period of 12 months of continuous licensing. Further, the licensee could not represent more than one insurance agency and was required to notify her employer of Council's decision.
35. As a whole, Council found the misconduct in the precedent cases to be more egregious than the subject case. For example, Council found that the issuance of the Declaration was an administrative error as there was no evidence to suggest that the Licensee and Former Agency intended to issue the document. Also, there was no direct loss to the Insured and the Insured had coverage in place, as opposed to the precedent cases.

#### **MITIGATING AND AGGRAVATING FACTORS**

36. Council found that several mitigating factors were applicable in the subject case. First, Council acknowledged that the Licensee was dealing with personal events in his family. Council considered that the Insured did not appear to suffer financial harm as the Insured had coverage when the water claim arose. Further, Council accepted that the Licensee acknowledged the misconduct and was remorseful. Council believed that the issuance of the Declaration was due to an administrative error and that it was isolated in nature. Lastly, Council considered that the Licensee and Former Agency have made efforts to remedy the misconduct by taking steps to prevent similar misconduct from occurring in the future.
37. In terms of aggravating factors, Council noted that there was potential reputational harm to the Agency and the insurers listed in the Declaration. In addition, Council was troubled that the

Licensee did not know who had created the Declaration, especially considering that the Licensee was the nominee of the Former Agency and the Former Agency only had a few employees at the time. To that end, Council questioned whether the Licensee was forthcoming to Council during the investigation. Council also found that the Licensee's experience in the insurance industry is an aggravating factor, as he has been licensed since 2001. Council acknowledged, however, that the Licensee had only been a nominee for less than three years at the time of misconduct.

38. Council found that there was a lack of procedures in place at the Former Agency to ensure the safekeeping of documents and information, and specifically, to prevent documents from being manipulated by unauthorized individuals. Council concluded that there was a general lack of record keeping as there were no clear file-handling procedures.

### **CONCLUSIONS**

39. After weighing all the relevant considerations, Council concluded that the Licensee should be fined \$2,000 and be required to complete a privacy course and the Council Rules Course. Council also determined that the Licensee should be restricted from upgrading to a Level 3 Agent licence for five years. The Former Agency should be fined \$2,500.
40. Council has determined that investigation costs should be assessed jointly and severally against the Licensee and Former Agency. As a self-funding regulator, the cost to investigate the misconduct of a licensee or former licensee should not be borne by members of the insurance industry unaffiliated with the investigation. This is particularly true when the evidence is clear that the actions of a licensee or former licensee have amounted to misconduct.

### **INTENDED DECISION**

41. Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision to:
  - a. Fine the Licensee \$2,000, to be paid within 90 days of the date of Council's order;
  - b. Fine the Former Agency \$2,500, to be paid within 90 days of the date of Council's order, and which must be paid in full prior to the Former Agency being licensed in the future;
  - c. Make the Licensee ineligible to upgrade to a Level 3 general insurance agent licence for a period of five years, commencing from the date of Council's order;

- d. Require the Licensee to complete the following courses, or equivalent courses as acceptable to Council, within 180 days of the date of Council's order:
    - i. the Council Rules Course for general insurance salespersons and agents; and
    - ii. Privacy Compliance Course – How to Protect Your Brokerage Part 1 and 2 course, offered through the Insurance Brokers Association of BC (Collectively, the "Courses");
  - e. Assess the Licensee and the Former Agency jointly and severally Council's investigation costs of \$3,062.50, to be paid within 90 days of the date of Council's order;
  - f. Require the investigation costs to be paid in full prior to the Former Agency being licensed in the future; and
  - g. Impose a condition on the Licensee's general insurance licence that failure to pay the fine and investigation costs within 90 days of the date of Council's order, and failure to complete the Courses within 180 days of the date of Council's order, will result in the automatic suspension of the Licensee's general insurance 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.
42. Subject to the Licensee and Former Agency'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.

#### **ADDITIONAL INFORMATION REGARDING FINES/COSTS**

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

#### **RIGHT TO A HEARING**

44. If the Licensee and/or Former Agency wishes to dispute Council's findings or its intended decision, the Licensee and/or Former Agency 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 and/or Former Agency **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 and/or Former Agency does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.**

45. Even if this decision is accepted by the Licensee and/or Former Agency, 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 <https://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 **6<sup>th</sup> day of December, 2023.**

For the Insurance Council of British Columbia



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Janet Sinclair  
Executive Director