

In the Matter of the

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

and the

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

and

**LIZA TANIGUE GATASI**  
(the “Former Licensee”)

**ORDER**

As Council made an intended decision on April 30, 2024, 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 June 4, 2024; and

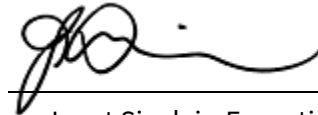
As the Former Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

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

- 1) The Former Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, prior to being licensed as a life and/or accident and sickness insurance agent in the future:
  - i. the Council Rules Course for life and/or accident and sickness insurance;
  - ii. Advocis’ “Making Choices I, II, & III: Ethics and Professional Responsibility in Practice” courses;
  - iii. Advocis’ “Compliance Toolkit: Know Your Client and Fact Finding” course;
  - iv. Advocis’ “Compliance Toolkit: Know Your Product and Suitability” course; and

- v. Advocis' "The Challenge of Documenting Nothing" course;
- 2) The Former Licensee is required to be supervised for two years of active licensing, by a qualified supervisor approved by Council, in the event that the Former Licensee receives a life and/or accident and sickness insurance agent licence in the future;
  - 3) The Former Licensee is assessed Council's investigation costs of \$1,750, to be paid by October 2, 2024; and
  - 4) Council will not consider any future licensing applications by the Former Licensee until such time as the Former Licensee has complied with the conditions listed herein.

This order takes effect on the **4<sup>th</sup> day of July, 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

### **LIZA TANIGUE GATASI**

(the “Former Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Former Licensee had acted in compliance with the requirements of the Act, Council Rules, and Code of Conduct, following receipt of a complaint alleging that the Former Licensee had procured life insurance for clients without confirming that key details of the policy were understood and that she had subsequently facilitated cancellation of an existing life insurance policy, contrary to the best interests of the clients.
2. On February 27, 2024, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met via video conference to discuss the investigation. The Former Licensee attended the meeting for an interview with the Committee. An investigation report prepared by Council staff was distributed to the Former Licensee and Committee prior to the meeting. Having reviewed the investigation materials and discussed the investigation, 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 30, 2024, 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 Former Licensee of the action it intends to take under sections 231, 236, and 241.1 of the Act before taking any such action.

The Former 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 Former Licensee.

## **FACTS**

5. The Former Licensee was first licensed with Council as a life and accident and sickness insurance agent ("Life Agent") in 2010. Her first licence was cancelled due to non-renewal in August 2017. She received a new Life Agent licence in April 2019, which was subsequently cancelled due to non-renewal in August 2023.
6. Council's investigation commenced following the receipt of a Life Agent Reporting Form and other documents from an insurer in December 2021. Both the insurer and the insurance agency with which the Former Licensee had been contracted (the "Agency") had investigated the Former Licensee after receiving a complaint from a married couple who had been clients of the Former Licensee (collectively, the "Complainants").
7. In the course of the investigation, Council staff collected information from the insurer, the Agency, and the Former Licensee. The salient details concerning the Former Licensee's dealings with the Complainants are as follows:
  - a. The Complainants were referred to the Former Licensee as clients in October 2019. The husband ("Mr. C") was at this time covered by a pre-existing life insurance policy (the "Pre-Existing Policy").
  - b. In October 2019, the Former Licensee assisted the Complainants with applying for a Universal Life insurance policy that would provide further coverage to Mr. C as part of a strategy to generate retirement income from the accumulation of cash values inside the policy.
  - c. In November 2019, the insurer declined the application for the Universal Life insurance policy due to Mr. C's medical history.
  - d. In December 2019, the Former Licensee met with the Complainants and sold them a Universal Life policy which, contrary to the Complainants' understanding, covered the life of the wife ("Mrs. C") rather than Mr. C.
  - e. Later in December 2019, the Complainants communicated to the Former Licensee that they could not afford to pay for both the new policy and the Pre-Existing Policy. The Former

Licensee provided the Complainants with a draft termination letter, which the Complainants proceeded to submit to their insurer, resulting in the Pre-Existing Policy being cancelled.

- f. In March 2021, Mr. C became ill, at which point the Complainants realized his life was not insured.
8. When meeting with the Committee, the Former Licensee emphasized that she had not set out to replace the Pre-Existing Policy, and that doing so had been the idea of the Complainants after she had completed applications for new insurance for them. She explained that the Complainants had asked her how they could cancel the Pre-Existing Policy, and she had given them information about how to do so at their request.
9. The Committee asked questions about the Former Licensee's needs analysis practices, particularly due to the fact that significantly varying information about the Complainant's income and net worth appeared in the fact-finding documents that the Former Licensee had helped the Complainants complete. Notably, a "Know Your Client" document on Agency letterhead, dated October 5, 2019, recorded Mrs. C as having a net worth that was over \$500,000 higher than what was recorded as her net worth on a fact-finding document later prepared for the Insurer, dated December 3, 2019. The Former Licensee explained that information about a client's net worth was always obtained directly from the client, and that she would enter into the computer whatever information they gave. She did not follow up with the Complainants about the discrepancy in net worth information.
10. When asking about needs analysis practices, the Committee also inquired about what steps the Former Licensee took to establish that the premiums for the policies sold to the Complainants would be affordable for them since affordability concerns ultimately drove the Complainants to cancel the Pre-Existing Policy. The Former Licensee explained to the Committee the advantages of the policy and strategy she had presented to the Complainants, which used overfunding to lower "the cost of insurance," submitting that this approach was generally favourable to clients. However, the Former Licensee did not detail any actions that she had taken to ascertain that the Complainants could afford what she was selling them.
11. The Former Licensee was asked by the Committee whether she had known that Mr. C would have no insurance if the Pre-Existing Policy was cancelled. She stated that she had discussed the Pre-Existing Policy when making her initial presentation to the Complainants and emphasized that the insurance she had sold them had been intended as supplemental to, rather than a replacement of, the Pre-Existing Policy. The Former Licensee could not recall whether she had given the Complainants advice about the cancellation of the Pre-Existing Policy when they eventually signaled that they were considering doing so.

12. The Former Licensee informed the Committee that, although her presentation and the relevant documents were all in English, she had communicated with the Complainants primarily in their native language, Tagalog. She stated that, although the Complainants know English, it was easier to communicate with them in Tagalog.

## **ANALYSIS**

13. It is Council's conclusion that the Former Licensee has, contrary to Council Rule 7(8), failed to comply with the Code of Conduct. Specifically, Council believes that the conduct at issue amounted to breaches of Sections 4 ("Good Faith"), 5 ("Competence"), 7 ("Usual Practice: Dealing with Clients"), and 8 ("Usual Practice: Dealing with Insurers") of the Code of Conduct. Furthermore, Council believes that Council Rule 7(9), which requires licensees to "keep books, records and other documents necessary for the proper recording of insurance transactions and related financial affairs" has also been breached.
14. Council does not believe that the Former Licensee set out to mislead the Complainants in any way. Nevertheless, the Former Licensee did not take sufficient care to ensure that the Complainants understood material details about the insurance product she sold them, and she also facilitated cancellation of the Pre-Existing Policy, contrary to the best interests of the Complainants.
15. Sections 5 ("Competence") and 7 ("Usual Practice: Dealing with Clients") are the provisions that, in Council's opinion, are most fundamental to the Former Licensee's misconduct. For instance, section 5 states that "failing to conduct an adequate fact finding and assessment of a client's insurance needs," "failing to maintain proper and adequate books and records of insurance transactions and related financial affairs," and "failing to properly document communications and instructions from a client to ensure mutual understanding" are all factors that can reflect on competence. Section 7, in turn, requires licensees to "evaluate client needs."
16. Council's determination is that the Former Licensee's fact finding and evaluation of the Complainants' needs was lacking in diligence. For example, as described above, two applications that the Former Licensee prepared for the Complainants reported significantly different financial information. Although the Former Licensee explained that she simply recorded what the Complainants told her about their income, Council believes that this discrepancy should have been noted and followed up on. It is likely that, had a proper needs analysis been completed, the Complainants could have been cautioned against purchasing a new life insurance policy that they could not afford. Council's opinion is that the Former Licensee's failure to collect sufficient information during preparation of the

Complainants' applications also amounted to a breach of Code of Conduct Section 8 ("Usual Practice: Dealing with Insurers"), which requires licensees to "provide full and accurate information" to insurers.

17. Similarly, Council is concerned that the Former Licensee did not take sufficient action to confirm whether the Complainants could afford the insurance she sold to them. The Former Licensee informed the Committee that she had been aware of the Pre-Existing Policy, but the evidence, including her statements at the interview, indicate that the question of whether the Complainants could afford multiple insurance policies was not addressed or explored.
18. The Former Licensee's failure to ensure that the Complainants understood key details about the insurance they were purchasing is troubling to Council. The Complainants did not understand that the policy they ultimately purchased from the Former Licensee covered the life of Mrs. C, rather than of Mr. C. There can hardly be a more foundational or significant detail to an insurance contract than the identity of the insured. The Complainants were exposed to unnecessary risk due to not understanding the product they bought. The Committee also believed that because the Former Licensee was communicating in Tagalog to explain insurance documents written in English, there was a potential for a further misunderstanding of the products. It is Council's opinion that a licensee in such circumstances should have taken greater care to make sure that the product was understood by the client.
19. The situation created by the sale of a poorly understood insurance policy was made worse due to the cancellation of the Pre-Existing Policy, which the Former Licensee facilitated. The Former Licensee explained that she had not drafted or sent the cancellation letter on behalf of the Complainants, but only provided them with a template letter. Even so, by providing the template letter, the Former Licensee was helping with cancellation of the Pre-Existing Policy, in circumstances where cancellation was not in the Complainants' interests and, in fact, exposed them to considerable risk. Code of Conduct Section 4 ("Good Faith") requires licensees to have "a sincere intention on your part to act in a manner which is consistent with your client's ... best interests."
20. The Former Licensee informed the Committee that she had known that Mr. C would not be insured, should the Pre-Existing Policy be cancelled. She also could not recall giving the Complainants advice pertaining to the cancellation of the Pre-Existing Policy and admitted that she might not have given any. Council's opinion is that, by facilitating cancellation of the Pre-Existing Policy without first ensuring that the Complainants fully understood the consequences, the Former Licensee had not acted in their best interests, as is required by Section 4 of the Code of Conduct.

21. Additionally, there was an overall record keeping failure by the Former Licensee, which Council has determined to amount to a breach of Council Rule 7(9). Communications with and instructions from the Complainants were not adequately documented, which further spoke to the Former Licensee's overall competence.

## **PRECEDENTS**

22. Prior to making its decision, Council took several of its past decisions into consideration, particularly those that involved licensees failing to ensure that clients understood the products being sold to them. These included:
23. [Sherlock Hsu](#) (September 2023): concerned a life agent who submitted insurance applications without a client's full understanding, and failed to maintain proper record keeping in order to ensure mutual understanding. The licensee had recommended a leveraged investment strategy to the client. Council questioned whether the leveraged investment was suitable for the client in the circumstances. The licensee's failure to maintain proper books and records raised questions about his competence, as he could not demonstrate that a proper needs analysis was conducted, or that proper explanations were provided so that the client could make an informed decision. Council also noted that the licensee signed as a witness to the client's signature on an application when he had not actually witnessed the signature. Council ordered that the licensee be supervised for two years, and be required to take the Council Rules Course, a fact-finding course, and a product suitability course. The licensee was also fined \$2,000 and assessed investigation costs.
24. [Joseph Boon Wu Kong](#) (March 2020): concerned a life agent who recommended investments to an elderly client that were not in the client's best interests. In particular, the licensee advised the client to transfer two mutual fund accounts to annuity accounts with an insurer without advising the client of potential transferring charges or the tax and estate management consequences. The licensee proceeded to complete the application for the transfer without waiting for the client to seek external advice. Council found that the licensee had failed to conduct adequate fact finding and failed to provide sufficient advice to the client as to the consequences of the transfer. Council ordered that the licensee be supervised for two years, and be required to take the Council Rules Course, an elder planning course, and an ethics course. The licensee was also required to complete all modules of the Advocis Core Curriculum Program of the Certified Financial Planner Designation, and was assessed investigation costs.
25. [Andreas Lauri Hinkkala](#) (August 2019): concerned a life agent who recommended insurance products to a client and her two children who could not reasonably afford the premiums. In particular, the



licensee redeemed and transferred the client's mutual funds to pay for the premiums on policies that the licensee sold. Additionally, the licensee let a policy lapse three times while he was the agent of record and did not maintain records of communications with clients. Council found that the insurance products the licensee recommended were grossly unsuitable considering the financial circumstances and needs of the client and also found that the licensee was motivated by insurance commissions. Council ordered that the licensee be supervised for two years and be required to complete an ethics course. He was also fined \$2,500 and assessed investigation costs.

26. [\*Ismat Simo\*](#) (September 2017): concerned a life agent who recommended that an elderly, financially unsophisticated client cash in a tax-free savings account ("TFSA") investment and then re-invest it in the same year, in another TFSA. This led to a significant tax penalty for the client, as the client overcontributed to her TFSA. Council determined that the licensee had not completed an appropriate needs analysis, and that his failure to provide proper advice to his client raised concerns about his competency and caused client harm. The licensee was suspended until he had taken four courses of the Certified Financial Planner program, was required to be supervised for two years, and was assessed investigation costs.
27. [\*Edraline Buentipo Borgonia\*](#) (June 2016): concerned a life agent who was alleged to have sold life insurance policies to a client to replace existing policies, contrary to the client's best interests. Council found no evidence that the new policies were inferior to the existing ones, but did find that the process used to implement the new policies was not satisfactory because the policy comparison provided by the licensee was based on incomplete information. Council also found it was inappropriate for the licensee to have had the client sign post-dated policy cancellation letters. While Council accepted that the licensee was attempting to act in the client's best interests, the matter brought into question her ability to act in a competent manner and in accordance with the usual practice of the business of insurance. Council required the licensee to be supervised for two years, required her to complete the Advocis Getting Established course, and assessed investigation costs.
28. Council considered the [\*Sherlock Hsu\*](#) precedent to be the most helpful, particularly in regards to appropriate course requirements, as will be discussed below.

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

29. Council took mitigating and aggravating factors into consideration. The most significant mitigating factor is that the Former Licensee has already financially suffered due to the impugned conduct – she was fined \$1,000 by the Agency, and also contributed \$2,077.50 towards reimbursing the

Complainants' premium payments. A lesser mitigating factor is that the Former Licensee was cooperative throughout the investigation.

30. The Former Licensee was first licensed with Council in 2010 and, as such, had over a decade of experience at the time of her dealings with the Complainants. Council considers her experience in the industry to be an aggravating factor. Council also believes, due to the procedures that she described to the Committee, that there is a risk that breaches of the same nature could be repeated should the Former Licensee return to the insurance industry, which it considers to be an aggravating factor. An additional aggravating factor is that the Former Licensee's actions had placed the Complainants in a situation where they faced a risk of significant harm.
31. Overall, Council determined that the aggravating factors outweighed the mitigating factors. Nevertheless, the financial consequences already faced by the Former Licensee are an important factor that Council kept in mind as it made its disposition.

## **CONCLUSION**

32. Given that the Former Licensee has already paid over \$3,000 as a result of the conduct at issue, Council does not think it is necessary to fine her. Instead, Council believes that the focus of its disciplinary action should be on courses and supervision, in the event that the Former Licensee returns to the insurance industry. It is worth noting, however, that Council might have considered a fine appropriate had the Former Licensee not already faced financial repercussions.
33. To that end, Council intends to require the Former Licensee to complete certain courses prior to becoming licensed as a Life Agent in the future. Furthermore, if the Former Licensee does receive a Life Agent licence again, she will be required to be supervised for two years. This combination of education and supervision will help to ensure that the Former Licensee's knowledge and skillset are adequate in the event that she returns to the insurance industry.
34. Council also intends to assess its investigation costs to the Former Licensee. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear the costs of their disciplinary 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**

35. Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision to:
- a. Require the Former Licensee to complete the following courses, or equivalent courses as acceptable to Council, prior to being licensed as a life and/or accident and sickness insurance agent in the future:
    - i. the Council Rules Course for life and/or accident and sickness insurance;
    - ii. Advocis' "Making Choices I, II, & III: Ethics and Professional Responsibility in Practice" courses;
    - iii. Advocis' "Compliance Toolkit: Know Your Client and Fact Finding" course;
    - iv. Advocis' "Compliance Toolkit: Know Your Product and Suitability" course; and
    - v. Advocis' "The Challenge of Documenting Nothing" course;
  - b. Require the Former Licensee to be supervised for two years of active licensing, by a qualified supervisor approved by Council, in the event that she receives a life and/or accident and sickness insurance licence in the future;
  - c. Assess the Former Licensee Council's investigation costs of \$1,750, to be paid within 90 days of Council's order; and
  - d. Not consider any future licensing applications by the Former Licensee to Council until such time as the Former Licensee has complied with the conditions listed herein.
36. Subject to the Former 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.

**ADDITIONAL INFORMATION REGARDING COSTS**

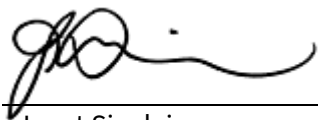
37. Council may take action or seek legal remedies against the Former Licensee to collect outstanding costs, should these not be paid by the 90-day deadline.

## RIGHT TO A HEARING

38. If the Former Licensee wishes to dispute Council’s findings or its intended decision, the Former 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 Former 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 Former Licensee does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.**
39. Even if this decision is accepted by the Former 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 <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 **4<sup>th</sup> day of June, 2024.**

For the Insurance Council of British Columbia



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Janet Sinclair  
Executive Director