

In the Matter of

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

and

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

and

**EDMUND GEORGE
(the “Licensee”)**

ORDER

As Council made an intended decision on April 11, 2017, pursuant to sections 231 and 236 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 June 21, 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 sections 231 and 236 of the Act, Council orders:

1. The Licensee is fined \$5,000.00.
2. A condition is imposed on the Licensee’s general insurance licence that requires the Licensee to pay the above-ordered fine no later than **October 11, 2017**. If the Licensee does not pay the ordered fine in full by this date, the Licensee’s general insurance licence is suspended as of **October 12, 2017**, without further action from Council and the Licensee will not be permitted to complete any subsequent annual filings until such time as the ordered fine is paid in full.

This order takes effect on the **11th day of July, 2017**.



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

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA ("Council")

respecting

EDMUND GEORGE (the "Licensee")

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 by entering false information relating to Insurance Corporation of British Columbia ("ICBC") Autoplan transactions in an effort to override outstanding toll bridge debts.

An investigation report was considered by Council at its April 11, 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 sections 231 and 236 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 is a Level 1 general insurance salesperson ("Salesperson") and has been licensed in British Columbia since 2003.

Overview: Toll Bridge Debt

In June 2015, ICBC commenced an investigation after becoming aware that some insurance licensees may be entering false information relating to ICBC Autoplan in an effort to override outstanding toll bridge debts. Under Volume 1, section 12.5 of the ICBC Autoplan Manual, the *Toll Bridge Restriction* requirements state that "*customers who have unpaid toll bridge fees are subject to a refuse to issue (RTI) by ICBC on their driver licences, vehicle licences, and insurance policies.*"

For the period under review, there were two toll bridge administrators, Quickpass for the Golden Ears Toll Bridge (“GETB”) and TReO for the Port Mann Toll Bridge (“PMTB”). Since the initial investigation, TReO now has the capacity to administer both bridges.

An RTI restriction related to toll bridge debt was applied differently depending on the bridge. For the PMTB, an RTI restriction was applied if more than \$25.00 was owed and the toll was over 90 days past due; and for GETB, an RTI restriction was applied if the toll debt was over 150 days past due.

An insurance licensee was not able to accept payment or make payment arrangements for toll bridge debts on behalf of a customer. In such situations, an insurance licensee was to direct the customer to contact the applicable bridge administrator to pay the outstanding toll bridge debt. An insurance licensee was then required to confirm the customer had paid the toll bridge debt in full before processing an ICBC Autoplan transaction.

ICBC Investigation

An RTI restriction relating to a toll bridge debt could be overridden if an insurance licensee entered a receipt number that was issued by Quickpass or TreO to a customer upon the payment of an outstanding toll bridge debt. Valid receipt numbers contain a combination of letters and numbers.

For the 18-month period from January 1, 2014 to June 15, 2015, ICBC compared all of the valid receipt numbers issued to customers by Quickpass and TreO, to all the receipt number entries made by every insurance licensee into ICBC’s system for the same period. This resulted in a list of false receipt numbers, which included details on the insurance licensee who completed the transaction and the name of the customer involved in the insurance transaction.

The ICBC report found that, for the 18-month period reviewed, the Licensee entered 34 false receipt numbers into ICBC’s system, which resulted in the override of toll bridge debts thereby allowing ICBC Autoplan transactions to proceed contrary to the ICBC Autoplan Manual.

In an interview with ICBC on December 4, 2014, the Licensee denied entering false toll bridge debt receipt numbers. However, the Licensee acknowledged entering receipt numbers that contained PM, PB, or GE prefixes before a number, none of which were characters in the valid receipt series.

The Licensee explained that on some occasions a customer would only provide a receipt number that contained numbers, and when entered into ICBC’s system, the receipt number would not be accepted. He also explained that if the customer’s RTI restriction related to GETB or PMTB debt, he would try entering PM before the receipt numbers provided by the customer and found the Autoplan transaction could be processed.

The Licensee stated that he always used numbers provided by the customer from a bank receipt and did not make up the numbers himself. The Licensee explained that his action of adding the two letter prefix (PM, PB, or GE) was to assist the customer who was providing him with proof of payment of his/her bridge toll debt.

ANALYSIS

Council found the Licensee's explanation that he had not intentionally entered false receipt numbers difficult to accept. Based on the Licensee's explanation, Council noted that 34 different customers had come to him to complete an ICBC Autoplan transaction with false toll bridge receipt numbers. Council concluded that the likelihood of this occurring this many times was beyond the balance of probabilities.

Further, Council noted that the Licensee never raised his practice with his agency or nominee, nor did he contact ICBC to get further guidance. At the time of these events, the Licensee had more than 10 years of experience as a Salesperson. Council determined that an insurance licensee with that many years of experience would know better than to enter false information as part of an insurance transaction on 34 different occasions without following up with his agency or ICBC.

Council determined that given the number of false receipt numbers entered by the Licensee, the Licensee intentionally entered false information into ICBC's system or willingly turned a blind eye to the fact that he was being provided false toll bridge receipts so as to facilitate an ICBC Autoplan transaction.

Council acknowledges that insurance licensees face significant pressure from customers to complete insurance transactions in a timely manner. However, insurance licensees are also expected to carry on the business of insurance in a competent and trustworthy manner, in good faith, and in accordance with the usual practice of the business of insurance. In addition, an insurance licensee has a duty to an insurer to comply with the process established for completing an insurance transaction on behalf of that insurer. The Licensee's actions in entering false toll bridge receipt numbers breached that responsibility to ICBC.

By failing to follow ICBC's procedure by overriding the toll bridge debt requirements, Council determined the Licensee's actions brought into question his trustworthiness, and that he had failed to act in good faith and in accordance with the usual practice of the business of insurance.

Council determined the Licensee's conduct was a serious breach of his responsibilities and it is necessary to send a clear message to both the Licensee and the industry that such a serious breach of practice is unacceptable. Council concluded that a significant fine is appropriate in the circumstances.

INTENDED DECISION

Pursuant to sections 231 and 236 of the Act, Council made an intended decision to fine the Licensee \$5,000.00.

The Licensee is advised that should the intended decision become final, the fine will be due and payable within 90 days of the date of the order. In addition, failure to pay the fine within the 90 days will result in the automatic suspension of the Licensee's general insurance licence and the Licensee will not be permitted to complete any annual filing until such time as the fine is paid in full.

The intended decision will take effect on **July 11, 2017**, 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 **July 10, 2017**. 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 **July 10, 2017**, 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:

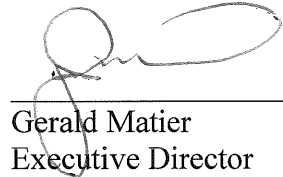
Intended Decision
Edmund George
LIC-157857C94152R1 / COM-2017-00107
June 21, 2017
Page 5 of 5

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 **21st day of June, 2017.**

For the Insurance Council of British Columbia



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