

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

and the

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

and

**PARAMJIT KAUR DHALIWAL**  
(the “Licensee”)

**ORDER**

Pursuant to section 237 of the Act, Council convened a hearing at the request of the Licensee to dispute an intended decision of Council dated October 27, 2017.

The subject of the hearing was set out in a Notice of Hearing dated June 5, 2018.

A Hearing Committee heard the matter on June 28, 2018 and presented a Report of the Hearing Committee to Council at its February 26, 2019 meeting.

Council considered the Report of the Hearing Committee and made the following order pursuant to sections 231, 236 and 241.1 of the Act:

1. The Licensee’s life and accident and sickness licence is cancelled with no opportunity to reapply for a life and accident and sickness insurance licence for a period of four years, commencing March 22, 2019 and ending at midnight on March 21, 2023;
2. The Licensee’s general insurance licence is suspended for a period of one year commencing March 22, 2019 and ending at midnight on March 21, 2020;
3. The Licensee is assessed Council’s hearing costs of \$5,409.63;
4. The Licensee is assessed Council’s investigation costs of \$2,930;
5. The Licensee is required to complete an ethics course (or equivalent), as approved by Council; and
6. A condition is imposed on the Licensee's general insurance licence that requires her to fully pay the above-ordered hearing and investigation costs and complete the above-ordered course **by no later than June 22, 2019**. If the costs remain unpaid or the course remains incomplete by the end of the Licensee’s general insurance licence suspension on March

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21, 2020, the Licensee's general insurance licence will automatically remain suspended and she will not be permitted to submit her 2020 annual filing until such time as the costs are paid in full and the course is completed.

This order takes effect on the **22nd day of March, 2019**



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Ken Kukkonen  
Chairperson, Insurance Council of British Columbia

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
("Council")

**REPORT OF THE HEARING COMMITTEE**

**IN THE MATTER OF THE *FINANCIAL INSTITUTIONS ACT***  
(R.S.B.C. 1996, c. 141)  
(the "Act")

**AND**

**PARAMJIT KAUR DHALIWAL**  
(the "Licensee")

**Date:** June 28, 2018  
9:30 a.m.

**Before:** Frank Leong Chair  
Brett Simpson Member  
Nan Bennett Member

**Location:** Suite 300, 1040 West Georgia Street  
Vancouver, British Columbia V6E 4H1

**Present:** Lanny Robinson Counsel for Council  
Michael D. Shirreff Independent counsel for the Hearing  
Committee  
No appearance Licensee, Ms. Dhaliwal

**BACKGROUND AND ISSUES**

As set out in the Notice of Hearing, dated June 5, 2018, this hearing was convened to determine whether or not the Licensee's life and accident and sickness insurance licence should be cancelled on the basis that the Licensee is not suitable to hold such licence.

At the hearing, Council alleged that the Licensee had colluded with other applicants in writing one of her Life Licence Qualifying Program ("LLQP") examinations – the Accident and Sickness Examination that she wrote on February 7, 2017.

Of note, this hearing was very similar to a previous matter involving a licensee named Varinder Grewal. In fact, as described in detail below, the Licensee had been recruited by Varinder Grewal to join the same insurance agency in Surrey.

Council initially considered the allegations against the Licensee at its meeting on August 15, 2017. At that time, Council made an intended decision to cancel the life and accident and sickness insurance licence of the Licensee. In accordance with section 237 of the Act, on

October 27, 2017 Council provided the Licensee with written reasons and notice of its intended decision. In response to the intended decision, the Licensee requested a hearing, as was her right pursuant to section 237(3) of the Act.

The Hearing Committee was then constituted pursuant to section 223 of the Act.

Notably, just over one month before the hearing, legal counsel for the Licensee advised that the Licensee “no longer wished to contest a hearing except as to make submissions on the length of any suspension of her general license (sic)...”.

This is the written report that the Hearing Committee has prepared in accordance with section 223(4) of the Act.

## **EVIDENCE**

### ***a. Witnesses***

Michael Stitt was the only witness called by Council at the hearing. Mr. Stitt is the investigator employed by Council who was responsible for conducting an investigation into possible collusion on the LLQP examinations.

### ***b. Exhibits***

In addition to Mr. Stitt, Council tendered the following documentary evidence:

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|------------------|--|
| <b>Exhibit 1</b> | Affidavit of Ms. Wong, dated June 27, 2018, which provided evidence relating to the Licensee and her counsel having notice of the hearing.   |
| <b>Exhibit 2</b> | A selection of emails between counsel for both the Licensee and Council, indicating that the Licensee no longer wishes to contest the hearing, but would make written submissions regarding the length of suspension of her general licence.   |
| <b>Exhibit 3</b> | Expert report, dated January 26, 2018, prepared for Council by Dr. Chris Beauchamp, Ph.D., of Yardstick Testing & Training. Dr. Beauchamp’s report provided a statistical analysis of certain issues relating to the LLQP examination results. |
| <b>Exhibit 4</b> | Statutory declaration, dated November 24, 2017, which contained evidence from another licensee indicating that she had been given an LLQP exam answer sequence by Varinder Grewal.   |
| <b>Exhibit 5</b> | Council’s Book of Documents, which contained six tabs providing information about aspects of the LLQP examinations and the investigation relating to the Licensee in particular.   |

Council's Book of Authorities was also marked as **Exhibit 6**, and Council's Written Submission was marked as Exhibit 7.

*c. Facts*

The basic facts of this matter were canvassed in the Varinder Grewal hearing report, which addressed certain allegations that Varinder Grewal had cheated or colluded on the LLQP examinations.

At this hearing, Council advised that it was tendering very much the same evidence that was tendered against Varinder Grewal. The Hearing Committee was urged by Council to use the eventual order in the Varinder Grewal matter as a helpful precedent in terms of establishing an appropriate penalty for the Licensee.

As Mr. Stitt testified, applicants for a life insurance licence must complete the LLQP, which includes four multiple-choice qualifying licensing examinations. The examinations are divided into specific subject areas: Life Insurance; Accident & Sickness Insurance; Segregated Funds; and Ethics (Tab 6, Exhibit 5). Each exam has multiple-choice questions with each question having only four possible answers. Ethics is a 20 question exam, but the other three exams each have 30 questions. There are different versions of each exam and the questions as between the exams may be the same, but set out in a different order. The exams are marked electronically.

The Licensee in this matter was licensed as a life agent in British Columbia on March 2, 2017. At that time, the Licensee became affiliated with the same agency in Surrey that was affiliated with Varinder Grewal (the "Agency"). In fact, the evidence revealed that the Licensee was recruited to the Agency by Varinder Grewal. As Mr. Stitt explained, every other licensee alleged to have colluded on the LLQP examinations was also affiliated with the Agency.

In February 2017, Council became aware that there may have been cheating taking place with respect to the LLQP exams. The Canadian Insurance Services Regulatory Organizations ("CISRO") provided Council with a report that suggested there had been collusion amongst recent LLQP exam writers in British Columbia.

After Council received the CISRO collusion analysis report, Mr. Stitt was assigned to investigate the matter. During the course of his investigation, Mr. Stitt started with a review of the February 8, 2017 exam sitting. 40 candidates had written that exam. Mr. Stitt found that six candidates had very similar answer sequences on a combination of three exams. Further, for these six candidates, the exam results were requested to be sent to the same two people affiliated with the Agency.

Eventually, Mr. Stitt reviewed over 7000 LLQP exam results. He also sat in on certain sittings of the exams and reviewed video footage from other exam sittings. He identified dozens of candidates who had used very similar or the same answer sequences on certain of the exams. Quite remarkably, all of these candidates were affiliated with the Agency.

In early May 2017, the Licensee was identified as having used an anomalous answer sequence on one of her LLQP exams – the Accident and Sickness examination, which she wrote on February 7, 2017 (the “Exam”). The Licensee was also identified in the CISRO collusion analysis report (by way of her anonymous CIPR #) as having paired with at least four other candidates as having achieved a statistically unlikely result on the Exam (page 42 of Exhibit 3).

On the Exam, the Licensee obtained an exam score of 63.33% (19/30). Her score was *identical* to four other candidates identified in the CISRO collusion analysis. More importantly, the Licensee had used exactly the same answer sequence as the other four candidates. That is, all 30 of the responses given by the Licensee on the exam precisely matched the 30 responses given by the four other persons who obtained the same score (19/30).

It is also notable that there was another examinee during the same sitting who wrote a different version of the Exam, but also used the exact same 30 answer sequence as the Licensee. This other candidate is the licensee who provided Council with the statutory declaration that was filed as Exhibit 4. Both this examinee and the Licensee were recruits of Varinder Grewal. In the statutory declaration, the other examinee stated that she had met with Varinder Grewal and had been provided with answer sequences for the LLQP exams, which she was told would provide a passing score and that she should try it (Exhibit 4). The other examinee indicated that she had been encouraged by Varinder Grewal to memorize the answer sequences and to use them on the Accident and Sickness examination.

During the course of Council’s investigation, Mr. Stitt communicated with the Licensee and directly asked her whether she had used a collusion sequence or had cheated on the Exam. The Licensee denied that she had cheated (although she is no longer contesting this hearing).

The expert opinion report prepared by Mr. Beauchamp provided a statistical analysis of the probabilities of two candidates to a multiple choice examination having the same answer sequence, both in terms of the questions that were answered correctly as well as the answers that were given when questions were wrong (Exhibit 3).

As Mr. Beauchamp outlined at page 3 of his report, his statistical analysis examined the potential for collusion using two well-validated statistical indices (the B-index and the g<sub>2</sub> index). These indices are discussed in detail by Mr. Beauchamp in his report.

#### **FINDINGS OF THE HEARING COMMITTEE**

The burden at this hearing lies with Council, which must prove the allegations of collusion against the Licensee on a balance of probabilities.

There does not seem to be any real question that the Licensee cheated on the Exam. Through her counsel, she advised one month before the hearing that she was not contesting the allegations, but was only seeking to address whether or not there should be any consequences for her general insurance licence. The Licensee is also a holder of a general licence in addition to her life and accident and sickness licence.

Even in the absence of that concession by the Licensee, the Hearing Committee is satisfied that Council has met its burden to prove that the Licensee cheated and colluded on the Exam by using a collusion sequence together with at least four other LLQP candidates (plus the candidate who wrote a different version but used the same sequence).

The Hearing Committee is of the view that Council has demonstrated wide-spread cheating by a number of licensees affiliated with the Agency, including the Licensee. The statistical evidence from Dr. Beauchamp was compelling and given all of the additional circumstantial links between the alleged cheaters, particularly their affiliation with the same Agency, the Hearing Committee has no hesitation in concluding that the Licensee was one of many candidates from the Agency who cheated or colluded on the LLQP exams.

As noted in the Varinder Grewal report, the Licensee's actions are contrary to the public interest mandate of Council and are a serious violation of a number of provisions of the Code of Conduct, particularly sections 3, 4 and 5, which establish that trustworthiness, good faith and competence are critically important characteristics of a licensee. The Hearing Committee adopts the comments from the Hearing Panel in the Varinder Grewal report.

Cheating on a qualifying examination is very concerning in terms of assessing a licensee's character and honesty. In this instance, as a person who already held a general insurance licence, the Licensee should certainly have known better. It is imperative in this situation to send a strong message to both the Licensee, but also the greater community of insurance licensees and other future LLQP candidates. Licensees are expected to adhere to the highest ethical standards and a failure to do so when applying to become an agent demands a significant penalty. Council should not countenance any type of cheating on the qualifying exams.

#### **RECOMMENDATIONS OF THE HEARING COMMITTEE**

In determining its recommendations to Council with respect to this matter, the Hearing Committee has carefully reviewed and considered the authorities that Council referred to at the hearing, which were the same cases that were put before the Hearing Committee in the Varinder Grewal matter: *Moore v. College of Physicians and Surgeons of Ontario*, [2003] O.J. No. 5200 (Ont. SC); *Financial Services Commission v. The Insurance Council of British Columbia and Maria Pavicic*, November 22, 2005; *Gurvinder Singh Lehal and Sukhvir Singh Mann*, 2009; *Larry James Clark and Clark Thomas Insurance Services*, 1999; and *the Matter of Richard Jones*, FST 06-020.

For the reasons set out above, particularly given that the Licensee already held a general insurance licence, the Hearing Committee accepts that the Licensee's penalty should be informed by the Varinder Grewal penalty and recommends that Council consider the very same penalty as that levied against Varinder Grewal. In our view, although it can be said that Varinder Grewal's actions in terms of encouraging others to cheat would have been an aggravating factor in terms of penalty, the same analysis should be applied in terms of the Licensee's position as a general insurance agent. The fact that the Licensee already held a general insurance licence is an aggravating factor that, in the view of the Hearing Committee, mandates in favour of a consistent

penalty for the two licensees. To this end, the Hearing Committee recommends that Council consider the following penalty:

1. the Licensee's licence be cancelled for a period of 5 years;
2. the Licensee be fined \$7,500;
3. the Licensee be required to pay Council's costs associated with the hearing, in amounts to be determined (with such costs to be paid prior to the Licensee reapplying for a licence); and
4. before reapplying to obtain a licence, the Licensee must also complete an ethics course (or equivalent) that is approved by Council.

With respect to the hearing costs, Council appropriately presented the Licensee's position on costs as articulated in the email that her counsel sent to Council before the hearing (Exhibit 1). As set out in that email, the Licensee submitted that she should not be obliged to pay hearing costs given that she was withdrawing her objection to having her licence cancelled and was not going to attend the hearing.

The Hearing Committee has considered the Licensee's position, but is of the view that it is appropriate and necessary in this instance to order hearing costs against the Licensee. It may be that the Licensee was required to request a hearing in order to obtain full disclosure from Council as to the evidence that would be called at the hearing. That being said, having received the materials, the Licensee advised only that she would not be attending the hearing in May. The original hearing was set for April, and was only adjourned to accommodate the personal circumstances of the Licensee. Further, while making a concession that the matter would not be contested, the Licensee nevertheless made written submissions regarding the proposed penalty. In the result, it remained necessary for Council to proceed to a hearing in order to prove the allegations against the Licensee. Given that a hearing was required, and considering the serious findings that the Hearing Committee has made, our recommendation to Council is that the Licensee be required to pay costs of the hearing.

Finally, we note that we would also have been inclined to recommend that Council order the Licensee to pay costs of the investigation. For reasons that were not explained, Council did not seek such an order at the hearing. In our view, this would have been a lengthy and expensive investigation and the Licensee, together with the other licensees found to have cheated on the LLQP exams, should be required to pay for the costs of the investigation.

Dated in Vancouver, British Columbia, on the **6<sup>th</sup> day of February, 2019.**

  
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Frank Leong, Chair of Hearing Committee  
Insurance Council of British Columbia