

In the Matter of the

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

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

and

CENTRE HOLIDAYS INC.
(the "Agency")

ORDER

As Council made an intended decision on August 27, 2019, pursuant to sections 231 and 236 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Agency with written reasons and notice of the intended decision dated September 20, 2019; and

As the Agency 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 that:

1. the Agency is fined \$1,500 for each of the three years (2014, 2015, and 2017) in which it failed to ensure its agents completed their continuing education requirements, for a total of \$4,500;
2. the Agency is required to have its agents who were not in compliance with their continuing education requirements to make up their missing continuing education credits no later than February 1, 2020;
3. a condition is imposed on the Agency's licence that failure to pay the assessed fine by February 1, 2020 will result in the automatic suspension of the Agency's licence, and it will not be permitted to complete any subsequent annual filing until such time as the fine is paid in full; and

4. a condition is imposed on the Agency's licence that failure of its agents to make up their missing continuing education credits by February 1, 2020 will result in the automatic suspension of the Agency's licence, and it will not be permitted to complete any subsequent annual filing until such time as the required credits are completed.

This order takes effect on the **4th day of November, 2019.**



Lesley Maddison
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

CENTRE HOLIDAYS INC.
(the “Agency”)

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Agency acted in compliance with the requirements of the Act and Council Rules, and particularly to determine whether the Agency failed to ensure that its agents met the continuing education (“CE”) requirements established by Council, as set out in Council Rule 7(5).

As part of Council’s investigation, on April 16, 2019, a Review Committee (the “Committee”) met with the Agency’s director, [REDACTED] (the “Director”) via conference call. Prior to the Committee’s meeting with the Director, an investigation report was distributed to the Committee and the Director for review. A discussion of this report took place at the meeting, and the Director was provided an opportunity to make further submissions.

Following the April 16, 2019 meeting, Council staff conducted further investigation work, including communicating with the Agency’s manager in British Columbia (the “British Columbia Manager”). The Committee convened for further discussion of the matter on June 26, 2019 and reviewed a second investigation report.

The Committee’s report, along with the two aforementioned investigation reports, were reviewed by Council at its August 27, 2019 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 Agency of the action it intends to take under sections 231 and 236 of the Act before taking any such action. The 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 Agency.

FACTS

The Agency's head office is in Ontario. The Agency first became licensed in British Columbia in January 2013, until its licence was terminated for non-filing in July 2015. The Agency became licensed in British Columbia again in May 2016. The Agency is also licensed in Ontario and Saskatchewan. The Agency is a travel agency, and is licensed only to sell travel insurance.

In July 2017, Council began a review of whether the Agency's British Columbia agents were meeting their CE requirements. Council Rule 7(5) requires that licensees "must meet the requirements of the continuing education program established by Council, as amended from time to time." The Agency's British Columbia agents sell only travel insurance, and as such are not required to be licensed by Council. Nevertheless, Council has set CE requirements for travel insurance salespeople, and it is the duty of the Agency to ensure that its British Columbia agents are meeting their CE requirements. The Agency was unable to provide evidence showing that its British Columbia agents had satisfied their CE requirements.

At the April 16, 2019 meeting, the Director told the Committee that the agents in question had attended CE sessions hosted by an insurer (the "Insurer"), but that the Insurer does not keep accurate records of attending agents. The Director informed the Committee that he has made attempts to retrieve attendance information from the Insurer but that they have been unable to provide records. The Director further stated that he would have ensured that proper records of attendance were kept by the British Columbia agents if he had known proof would be necessary. The Director noted that he had email correspondence demonstrating the efforts he had taken to retrieve attendance information from the Insurer; the Committee asked the Director to forward a copy of the email correspondence to Council staff and he advised that he would do so.

At the conclusion of the April 16, 2019 meeting, the Committee instructed Council staff to gather additional information by contacting a representative of the Insurer (the "Insurer Representative"), as well as the Agency's manager in British Columbia (the "British Columbia Manager").

The Insurer Representative spoke with Council staff via telephone on April 17, 2019. She advised that when an agent registers for a CE session with the Insurer, they do so online, and a confirmation of completion is automatically generated and emailed to the agent when the session is concluded. The Insurer Representative explained that the Insurer's system has done this for several years. Earlier in the investigation, in October 2018, the Insurer had confirmed to Council staff that they had no records of the Agency's three British Columbia agents having completed CE courses between 2015 and 2018.

Council staff also spoke with the British Columbia Manager by telephone on April 17, 2019. The British Columbia Manager explained that she has been a travel agent with the Agency since 2012, and the Agency's British Columbia manager for the past few years. She advised that the Insurer gives notification of upcoming CE sessions, and agents then register for the ones they want to attend. Registration occurs online, and agents receive a confirmation email once their session is complete.

The British Columbia Manager further explained that the British Columbia agents were unaware until recently that they were required to maintain a record of their CE credits. At Council staff's request, the British Columbia Manager provided Council with email confirmations relating to CE courses completed by the Agency's British Columbia agents.

The evidence indicates that each of the Agency's three British Columbia agents had failed to meet their CE requirements. One was short five CE credits in the years audited, another was short six CE credits in the same period, and the third (who began working in 2016) was short one CE credit in 2017.

The British Columbia Manager was asked by Council staff why this evidence had not previously been submitted when Council had made earlier requests for information from the Agency. She stated in an email dated April 18, 2019 that "I had forwarded these all onto [REDACTED] so I am not sure why they weren't forwarded to you."

ANALYSIS

Council is concerned by the fact that the Agency, over the course of multiple years, failed to ensure that its agents in British Columbia were meeting their CE requirements. It is the responsibility of the Agency to ensure that its agents in British Columbia are completing their required CE credits each year.

The evidence indicates that, in three of the four years audited (2014, 2015, 2016, and 2017), the Agency's British Columbia agents failed to complete the minimum number of CE credits mandated by Council and the Agency was unable to demonstrate that it was taking steps to ensure their compliance. CE requirements were met by the British Columbia agents in 2016, but not in 2014, 2015, or 2017.

Council considered the Agency to have shown disregard towards whether its British Columbia agents were meeting their CE requirements. The Agency should have been cognizant of its duty to ensure that its agents were completing their CE credits each year and keeping proper records. Council was also of the opinion that the Agency had failed to cooperate with the investigation in a timely and forthcoming manner.

INTENDED DECISION

Pursuant to sections 231 and 236 of the Act, Council made an intended decision to:

1. Fine the Agency \$1,500 for each year in which they failed to ensure their agents completed their CE requirements, for a total of \$4,500;
2. Impose a condition on the Agency's licence requiring that all British Columbia agents presently employed by the Agency successfully complete any missing CE credits for the 2014, 2015, and 2017 years; and
3. Impose a condition on the Agency's licence that failure to pay the fine or to ensure that its British Columbia agents complete their missing CE credits within 90 days of Council's order will result in an automatic suspension of the Agency's licence, and the Agency will not be permitted to complete any annual filing until such time as the fine is paid in full and the CE condition fulfilled.

Subject to the 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.

RIGHT TO A HEARING

If the Agency wishes to dispute Council's findings or its intended decision, the Agency 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 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 Agency does not request a hearing **within fourteen (14) days of receiving this intended decision**, the intended decision of Council will take effect.

Even if this decision is accepted by the Agency, 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:

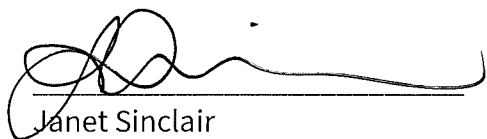
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Financial Services Tribunal
PO Box 9425 Stn Prov Govt
Victoria, British Columbia
V8W 9V1

Reception: 250-387-3464
Fax: 250-356-9923
Email: FinancialServicesTribunal@gov.bc.ca

Dated in Vancouver, British Columbia, on the **20th day of September, 2019.**

For the Insurance Council of British Columbia

A handwritten signature in black ink, appearing to read 'Janet Sinclair', written over a horizontal line.

Janet Sinclair
Executive Director
604-695-2001
jsinclair@insurancecouncilofbc.com