

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

and

The INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

and

PETER HING-FU HUNG
(the “Licensee”)

ORDER

As Council made an intended decision on November 18, 2014, 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 with written reasons and notice of the intended decision by way of an amended intended decision dated December 22, 2014; and

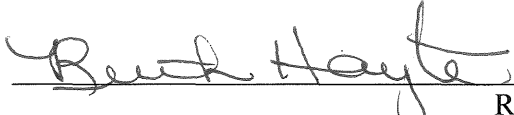
As the Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

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

1. A condition is imposed on the Licensee’s general insurance licence that requires him to successfully complete the following Insurance Corporation of British Columbia courses (the “Courses”) in a classroom setting: Autoplan Basics; Introduction to Special Coverages; and Importing Vehicles.
2. A condition is imposed on the Licensee’s general insurance licence that prohibits him from conducting insurance activities in any place other than the premises of the insurance agency(ies) that he is authorized to represent until such time as the Courses are successfully completed.
3. A condition is imposed on the Licensee’s general insurance licence that requires him to successfully complete the Insurance Brokers Association of British Columbia’s Ethics for Insurance Brokers course by **July 13, 2015**.

4. A condition is imposed on the Licensee's general insurance licence that if the Licensee does not successfully complete the Ethics for Insurance Brokers course on or before **July 13, 2015**, the Licensee's general insurance licence is suspended as of **July 14, 2015**, without further action from Council and the Licensee will not be permitted to complete any annual filing until such time as the ordered Ethics for Insurance Brokers course is successfully completed.
5. The Licensee is fined \$1,000.00.
6. The Licensee is assessed Council's investigative costs of \$2,625.00.
7. A condition is imposed on the Licensee's general insurance licence that requires him to pay the above-ordered fine and investigative costs no later than **April 13, 2015**. If the Licensee does not pay the ordered fine and investigative costs in full by this date, the Licensee's general insurance licence is suspended as of **April 14, 2015**, without further action from Council and the Licensee will not be permitted to complete any annual filing until such time as the ordered fine and investigative costs are paid in full.

This order takes effect on the **13th day of January, 2015**.



Ruth Hoyte
Chairperson, Insurance Council of British Columbia

AMENDED INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

PETER HING-FU HUNG
(the “Licensee”)

INTRODUCTION

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.

As part of Council’s investigation, on October 20, 2014 a Review Committee (the “Committee”) met with the Licensee to discuss allegations that the Licensee improperly processed Insurance Corporation of British Columbia (“ICBC”) transactions.

The Committee was comprised of one voting member and three non-voting members of Council. Prior to the Committee’s meeting with the Licensee, an investigation report was distributed to the Committee and the Licensee for review. A discussion of this report took place at the meeting and the Licensee was provided an opportunity to make further submissions. Having reviewed the investigation materials and after discussing this matter with the Licensee, the Committee made a recommendation to Council as to the manner in which this matter should be disposed.

A report setting out the Committee’s findings and recommended disposition, along with the aforementioned investigation report, were reviewed by Council at its November 18, 2014 meeting, where it was determined the matter should be disposed of in the manner set out below.

This amended intended decision replaces Council’s intended decision dated December 16, 2014.

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, 236, and 241.1 of the Act before taking any such action. The Licensee may then accept Council’s decision or request a formal hearing. This amended 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”). He has been licensed with Council since June 2, 1999. The Licensee has been employed by an agency (the “Agency”) as a mobile road service agent for approximately 10 years.

On November 29 and 30, 2011, the Licensee completed ICBC insurance transactions for two different luxury vehicles. The person listed as the registered owner on these transactions (the “Complainant”) subsequently complained that he was not present during the transactions. The Complainant alleged that the Licensee had either forged his signature or allowed someone else to forge his signature.

In an August 18, 2014 decision of the Registrar of Motor Dealers (2013 BCRMD 052), the Registrar dealt with the issue of whether or not the Complainant was present for the two insurance transactions. The Licensee was a witness in those proceedings. The Registrar concluded, on a balance of probabilities, that the Complainant did not agree, or sign documents, to insure the luxury vehicles on November 29 and 30, 2011. The implication was that the Complainant was impersonated and the person the Licensee dealt with was not the Complainant.

The Licensee acknowledged that he conducted the above-mentioned insurance transactions. He denied forging the Complainant’s signature on the transactions and was unaware that the person he met with to complete the transactions was not the Complainant. The Licensee stated that it is his practice to require photo identification for these types of transactions, and that he did so in this case.

The Licensee stated that, at the time of completing the transactions, he found it unusual that the same person was purchasing two luxury cars in the span of two days. He also found it odd that the person who represented himself as the Complainant was not going to be the principal operator of either vehicle. The Licensee claimed to have asked the individual purchasing the vehicles about this and was told that he was doing it for a friend. The Licensee advised that having received this explanation, he did not want to question it further as he did not believe it was any of his business. The Licensee accepted the explanation as sufficient and chose not to make any notations on the transaction documents to suggest that he was suspicious of the transactions.

In conducting the above-mentioned transactions, the Licensee accepted a void cheque, in the name of a company that was not the registered owner of the vehicles, to set up financing through ICBC. The Licensee advised that he was not aware of the requirement for an individual to provide proof from the bank confirming signing authority in these circumstances.

Twelve months later, when a storage policy for one of the vehicles was being obtained, the Licensee advised that he signed the Client's initials in the "*Client Signature*" section of the ICBC policy. The Licensee advised that it was his understanding that an agent could "*initial*" for a client if it was for a storage policy.

ANALYSIS

Council considered the actions of the Licensee and the Licensee's submissions.

Suspicious Transactions

Council accepted the Licensee's evidence that he thought he was dealing with the Complainant and did not knowingly allow someone to forge the Complainant's signature. Council determined, however, that the Licensee turned a blind eye to the suspicious circumstances of the insurance transactions, and should have brought his suspicions to the attention of ICBC or the Agency's nominee or supervisor.

Council found the Licensee failed to appreciate his own responsibilities in conducting the suspicious transactions. The Licensee's failure was aggravated by the fact that the Licensee is an experienced Salesperson, exclusively focused on ICBC Autoplan transactions.

Failure to Be Aware of and Follow ICBC Procedures

Council was troubled by the Licensee's comments regarding his lack of ICBC-specific training, given the exclusive focus of his insurance practice. It determined the Licensee's lack of familiarity with ICBC's position on conducting personal transactions, and the requirement to provide particular proof of signing authority when Autoplan insurance is financed, reflected on his competency.

Council determined the Licensee should be required to undergo additional training and be restricted to only working in the Agency office until his knowledge and competency has improved.

Client Signature

Council found the Licensee's signing of the Complainant's initial in the "*Signature of Insured*" portion of the storage policy constituted a forgery for the convenience of the client, and was not done for personal gain or with the intent to mislead. Council determined that, as an experienced Salesperson, the Licensee should have known that this conduct was not permitted.

Council determined that a fine of \$1,000.00 would be an appropriate penalty in line with Council's previous decisions on this issue.

AMENDED INTENDED DECISION

Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision to:

1. Impose a condition on the Licensee's general insurance licence that requires him to successfully complete the following ICBC courses (the "Courses") in a classroom setting: Autoplan Basics; Introduction to Special Coverages; and Importing Vehicles.
2. Impose a condition on the Licensee's general insurance licence that prohibits him from conducting insurance activities in any place other than the premises of the insurance agency(ies) that he is authorized to represent until such time as the Courses are successfully completed.
3. Impose a condition on the Licensee's general insurance licence that requires him to successfully complete the Insurance Brokers Association of British Columbia's Ethics for Insurance Brokers course within 180 days of the date of Council's order.
4. Fine the Licensee \$1,000.00.
5. Assess the Licensee Council's investigative costs of \$2,625.00.

The Licensee is advised that should the intended decision become final, the following conditions will be imposed on the Licensee's general insurance licence.

Failure to successfully complete the Ethics for Insurance Brokers course within the 180 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 Ethics for Insurance Brokers course has been successfully completed.

The fine and investigative costs will be due and payable within 90 days of the date of the order. Failure to pay the fine and investigative costs 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 and costs are paid in full.

The intended decision will take effect on **January 13, 2015**, 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 **January 12, 2015**. 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 **January 12, 2015**, 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:

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 **22nd** day of **December, 2014**.

For the Insurance Council of British Columbia



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