

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

and

The INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

and

TARLOK SINGH CHANDI
(the “Licensee”)

ORDER

As Council made an intended decision on October 18, 2016, 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 dated November 16, 2016; 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 the Licensee to be actively supervised by a Level 3 general insurance agent until such time as he has accumulated an additional two years of active licensing.
2. A condition is imposed on the Licensee’s general insurance licence that requires the Licensee to successfully complete an ethics course and the Council Rules Course on or before **March 6, 2017**. If the Licensee does not successfully complete the above-noted courses by this date, the Licensee’s general insurance licence is suspended as of **March 7, 2017** without further action from Council and the Licensee will not be permitted to complete any subsequent annual filings until such time as the above-noted courses are successfully completed.
3. The Licensee is fined \$10,000.00.

4. The Licensee is assessed Council's investigative costs of \$2,412.50.
5. A condition is imposed on the Licensee's general insurance licence that requires the Licensee to pay the above-ordered fine and investigative costs no later than **March 6, 2017**. 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 **March 7, 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 and investigative costs are paid in full.

This order takes effect on the **6th day of December, 2016**.



Dr. Eric Yung
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

TARLOK SINGH CHANDI
(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.

As part of Council’s investigation, on September 12, 2016, a Review Committee (the “Committee”) met with the Licensee to discuss allegations the Licensee altered insurance documents on two occasions and provided them to a client in an attempt to prevent the client from moving its insurance business elsewhere.

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 prepared a report for Council.

The Committee’s report, along with the aforementioned investigation report, was reviewed by Council at its October 18, 2016 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, 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 intended decision operates as written notice of the action Council intends to take against the Licensee.

FACTS

The Licensee is a Level 2 general insurance agent (“Level 2 agent”) and has been licensed with Council since 1988. He has no prior history of Council discipline.

The Licensee had a corporate client (the “Client”) for which he performed a number of insurance services. Around the time of the renewal of the Client’s umbrella policy in January 2016, a Client representative called the Licensee and requested a copy of the Client’s existing insurance policy.

The Licensee stated that he thought the Client was considering moving to a new insurance agent and the request for the insurance policy was to assist the new insurance agent to submit a Letter of Brokerage to the insurer. The Licensee stated he was angry at the prospect of losing the Client because he felt he had worked hard to provide the Client with proper insurance coverage.

Because of this belief, the Licensee altered an insurance document by changing the policy number. The Licensee then provided the Client with the altered insurance document in an effort to prevent another insurance agent from taking over the Client’s insurance business.

The Client subsequently contacted the Licensee to advise him that the insurance document provided by the Licensee was not valid. The Client advised the Licensee that it needed the correct insurance policy document in order to obtain another quote. In response to the Client’s request and in an attempt to further hinder the Client from obtaining another quote, the Licensee then altered the Interim Cover Note for the 2015 insurance policy and sent it to the Client.

The Licensee acknowledged that what he had done in altering the insurance policy documents was wrong. He expressed remorse for his actions and stated that he has never done anything like this before.

Council staff conducted an inspection of the Licensee’s agency and a review of the Licensee’s files. No other concerns were identified. The actions of the Licensee were not found to have affected the Client’s insurance coverage at any time.

ANALYSIS

Council found that the Licensee failed to act in good faith and in accordance with the usual practice of the business of insurance by creating false insurance documents on two separate occasions.

Council accepted that the Licensee did not intend to harm the Client, but found his alteration of insurance documents highly inappropriate. Council noted that the Licensee has extensive experience as an insurance agent and knew his conduct was inappropriate. Even though the Client remained insured at all times and was not put at any specific risk, the Licensee's act of altering insurance documents and then providing those documents to the Client was inexcusable.

Council considered *Man Kuen (Ken) Tam* (2012). In that case, the licensee created a false cover note and failed to notify a client that coverage could not be placed as requested. He was fined \$2,000.00; required to take an errors and omissions course; required to advise his nominee of Council's decision; and was assessed investigative costs.

In *P. Mann, 2015-FIA-002(a)*, the licensee was an experienced agent. He processed insurance transfer documents dated May 6, 2011, but signed by different persons on two or three later dates, and hid the backdating in an attempt to obtain coverage for an intervening motor vehicle accident. The Financial Services Tribunal ("FST") held that his licence should be suspended for two months, following which he would be prohibited from conducting Autoplan business for a further year. A condition was placed on his licence that required one year of supervision following the suspension, and he was assessed investigative costs.

In this case, Council considered whether a licence suspension was necessary. The Licensee's misconduct was serious and aggravated by the fact that he altered two different insurance documents on two different occasions. However, Council found the Licensee to be forthright and sincerely remorseful about his actions, and concluded the Licensee was not at risk of repeating this behaviour.

Instead, Council determined that the principles of general and specific deterrence could be better served through the assessment of a significant fine, a period of supervision, and a requirement to successfully complete specific education.

INTENDED DECISION

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

1. Fine the Licensee \$10,000.00.
2. Impose a condition on the Licensee's general insurance licence that requires the Licensee to be supervised by a Level 3 general insurance agent until such time as he accumulates an additional two years of active licensing.
3. Impose a condition on the Licensee's general insurance licence that requires the Licensee to successfully complete an ethics course within 90 days of the date of Council's order.

4. Impose a condition on the Licensee's general insurance licence that requires the Licensee to successfully complete the Council Rules Course, available through the Insurance Brokers Association of British Columbia, within 90 days of the date of Council's order.
5. Assess the Licensee Council's investigative costs of \$2,412.50.

The Licensee is advised that, should the intended decision become final, the fine and investigative costs will be due and payable within 90 days of the date of the order. In addition, failure to pay the fine and investigative costs within the 90 days, or failure to successfully complete the ethics course or the Council Rules Course within 90 days of the date of Council's order, 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 investigative costs are paid in full and both the ethics course and the Council Rules Course have been successfully completed.

The intended decision will take effect on **December 6, 2016**, 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 **December 5, 2016**. 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 **December 5, 2016**, the intended decision of Council will take effect.

Intended Decision
Tarlok Singh Chandi
LIC-54262C66893R1
November 16, 2016
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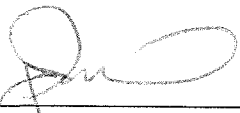
Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the FST. The Financial Institutions Commission has 30 days to file a Notice of Appeal, once Council's decision takes 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 **16th day of November, 2016.**

For the Insurance Council of British Columbia



Gerald Matier
Executive Director
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