

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

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
 (“Council”)

and

MANVIR SINGH GREWAL
(the “Former Licensee”)

ORDER

Pursuant to section 237 of the Act, Council convened a hearing at the request of the Former Licensee to dispute an intended decision dated October 18, 2017.

The subject of the hearing was set out in a Notice of Hearing dated August 9, 2018.

A Hearing Committee heard the matter on August 27, 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. Council will not consider an application for a life and accident and sickness insurance licence from the Former Licensee for a period of four years commencing March 25, 2019 and ending at midnight on March 24, 2023;
2. The Former Licensee is assessed Council’s hearing costs of \$5,561.32, which are due and payable no later than June 25, 2019;
3. The Former Licensee is assessed Council’s investigation costs of \$3,055, which are due and payable no later than June 25, 2019; and
4. The Former Licensee is required to complete an ethics course (or equivalent), as approved by Council, before Council will consider a licence application from the Former Licensee.

This order takes effect on the **25th day of March, 2019.**



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

MANVIR SINGH GREWAL
(the "Licensee")

Date: August 27, 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: Nicholas McKnight Counsel for Council
Michael D. Shirreff Independent counsel for the Hearing
Committee
Manvir Grewal Licensee
Mahay Awan Interpreter for the Licensee

BACKGROUND AND ISSUES

The purpose of the Hearing was 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 a licence.

At the hearing, it was alleged by Council that the Licensee had colluded with other applicants in writing two of his Council Life Licence Qualifying Program ("LLQP") examinations – Ethics and Accident and Sickness.

This was the second similar hearing addressed by this Hearing Panel, as we three panel members previously dealt with the Paramjit Dhaliwal matter in June 2018. At this hearing, the Hearing Committee had the benefit of hearing direct evidence from both the Licensee, as well as the statistical expert retained by Council. As outlined below, both of these witnesses were helpful for the Hearing Committee in terms of understanding the nature of the allegations of misconduct,

as well as properly assessing the culpability of the Licensee's actions as compared to other licensees who were also found to have cheated or colluded on the LLQP examinations.

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, Council provided the Licensee with written reasons and notice of its intended decision on October 18, 2017. In response to the intended decision, the Licensee requested a hearing, as was his right pursuant to section 237(3) of the Act.

The Hearing Committee was then constituted pursuant to section 223 of the Act and this is the written report that the Hearing Committee has prepared in accordance with section 223(4) of the Act.

EVIDENCE

a. Witnesses

Council called two witnesses in this matter. The first witness was Michael Stitt, who is an investigator employed by Council. Mr. Stitt was responsible for conducting the underlying investigation with respect to possible collusion on the LLQP examinations.

The second witness called by Council was Dr. Chris Beauchamp, who is the Vice President of Psychometrics at Yardstick Assessment Strategies Inc. in Ontario. As described in more detail below, Dr. Beauchamp prepared an expert report that provided a statistical analysis of certain issues relating to the LLQP examination results.

The Licensee had the opportunity to cross-examine both of Council's witnesses and the Hearing Committee was able to hear evidence directly from the Licensee, who also testified at the hearing.

b. Exhibits

In addition to the three witnesses, Council tendered the following evidence:

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| Exhibit 1 | Council's Book of Documents, which contained eight tabs providing information about aspects of the LLQP examinations and the investigation (and the Licensee's exam results in particular). |
| Exhibit 2 | Council's Book of Authorities. |
| Exhibit 3 | Expert report, dated January 26, 2018, prepared for Council by Dr. Beauchamp. |

c. Mr. Stitt's evidence

The allegations against the Licensee are very similar to the allegations raised by Council in the Paramjit Dhaliwal matter and with regard to another licensee, Varinder Grewal. At the hearing, in light of the similarities between the allegations in each matter, Council urged the Hearing Committee to recommend a penalty comparable to the order made against Varinder Grewal.

By way of general background, all applicants for a life insurance licence must complete the LLQP, which consists of a mandatory education course, as well as four multiple-choice qualifying licensing examinations. The examinations are divided into four specific subject areas: Life Insurance; Accident & Sickness Insurance; Segregated Funds; and Ethics (Tab 7, Exhibit 1). These examinations must be passed by an applicant within one year of completing the education course.

The Licensee obtained his licence as a life agent in British Columbia on April 28, 2017. At that time, the Licensee became affiliated with an agency in Surrey that is licensed to engage in life insurance activity (the "Agency"). As Mr. Stitt explained in detail, this was the same agency to which Ms. Grewal was affiliated. It was also the same agency affiliated with many other licensees identified during Council's investigation as having potentially colluded on the LLQP examinations, including Paramjit Dhaliwal.

In February 2017, Council was alerted to statistical anomalies in the LLQP examination results that appeared to suggest some level of collusion amongst the examinees. In particular, Council received a collusion detection analysis that had been commissioned by the Canadian Insurance Services Regulatory Organizations ("CISRO") with respect to all LLQP exam results across Canada. In the collusion analysis report, the candidates were not identified by name or agency. The report referred only to the candidates' unique CIPR numbers.

After Council received the CISRO collusion analysis report, Mr. Stitt was assigned to investigate the matter for Council. Mr. Stitt began his investigation by reviewing the exam results from the February 8, 2017 LLQP exam sitting (note that as the investigation advanced, over 7,000 LLQP exam results across many sittings of the LLQP exams were analyzed by Mr. Stitt).

Mr. Stitt testified that he eventually concluded that 46 candidates had used potentially anomalous answer sequences on the LLQP exams. All 46 of these candidates were affiliated with the same Agency as the Licensee. Further, there were no licensees from any other agencies in British Columbia who had used answer sequences that were suggestive of exam collusion. Mr. Stitt collated the results of his investigation, which were presented to the Hearing Committee in this hearing in a detailed spreadsheet (Tab 8, Exhibit 1).

As outlined in detail in Mr. Stitt's spreadsheet, the Licensee was identified as having used an anomalous answer sequence on two LLQP exams – Ethics, which the Licensee wrote on October 13, 2016; and Accident and Sickness, which the Licensee wrote on February 7, 2017.

Specifically, on the Ethics exam the Licensee obtained an exam score of 65% (13/20). The Licensee obtained that score using an answer sequence (both correct and incorrect answers) that was substantially similar to at least nine other examinees identified by Council as having potentially colluded on the LLQP examinations.

On the Accident and Sickness exam, the Licensee obtained an exam score of 60% (18/30). For that exam, the Licensee used an answer sequence that was substantially the same as at least 19 other examinees identified by Council as having potentially colluded on the LLQP examinations.

Perhaps even more telling, the answer sequence used by the Licensee on the Accident and Sickness exam was also used by a number of other examinees affiliated with the Agency who wrote different versions of the exam and obtained failing grades. This suggested to Mr. Stitt and Council that licensees from the Agency were using the same answer sequences regardless of the version of the specific LLQP exam that was being written.

c. Dr. Beauchamp

The Hearing Committee in this matter had the benefit of Dr. Beauchamp's evidence with respect to the statistical probabilities of two or more exam candidates having substantially the same sequence of both right and wrong answers on a 20 or 30 question multiple choice exams.

Dr. Beauchamp was tendered by Council as an expert in applied psychometrics and statistical analysis. Dr. Beauchamp's resume was appended to his report (Exhibit 3). After reviewing his educational and professional background, the Hearing Committee had no hesitation in accepting Dr. Beauchamp as an expert in the areas put forward by Council. Of note, the Licensee had no questions for Dr. Beauchamp about his background and experience and did not take issue with Dr. Beauchamp's qualifications.

Dr. Beauchamp explained and reviewed his report to the Hearing Committee in some detail. In particular, Dr. Beauchamp reviewed the two well-validated indices that are used during the course of statistical collusion detection. As Dr. Beauchamp described, if two candidates repeatedly have the same wrong answers to certain questions, it can become statistically important. The B-index was explained to be the primary empirically supported analysis (which considers only the incorrect answers given by candidates on the same exams).

However, because the B-index has certain limitations when looking at exam results where two candidates have both done well on an exam, Dr. Beauchamp explained that it is also useful in certain circumstances to consider the g^2 index, which focusses on the total answers in common, both correct and incorrect.

For both of these indices, possible collusion is flagged only if the anomalous answers between candidates are statistically at least six standard deviations from the mean. Dr. Beauchamp explained that using six standard deviations from the mean leads to an identification of anomalous results that are statistically said to be 99.99% unlikely to have occurred simply

through chance. In common parlance, such a statistical anomaly would be a one in a billion type of proposition.

In terms of assessing the exam results for the LLQP candidates, Dr. Beauchamp testified that he only flagged pairs of LLQP candidates in circumstances where the results were over six standard deviations from the mean under *either* the B-index or the g2 index. If either index suggested collusion, the candidate was referred to in the report. It was through this statistical analysis that the Licensee was identified as potentially having colluded on the LLQP examinations, given the statistical likelihood of the Licensee having identical answers to the exams as other candidates.

As Dr. Beauchamp was also clear to point out in his evidence, being flagged under either of these indices does not automatically lead to a conclusion that two candidates cheated on the exams. For example, he said that there could be situations where the candidates studied together or where one candidate copied another without collusion. Dr. Beauchamp explained that when the statistical analysis suggests there to have been collusion on an exam, it is still necessary for further investigation before a definitive determination can be made. One must still rule out the possibility of there being some other plausible explanation as to why the candidates' answers were the same.

d. The Licensee's evidence

The Licensee described how he was recruited to the Agency by a licensee who had been affiliated with the Agency for some time. The Licensee testified that he had been provided with materials by the Agency to prepare for the LLQP examinations and he had studied that material prior to taking the exams. He said that he had found the exams to be "easy" and maintained that he had written both exams himself and had not cheated. He did not know why his exam answers matched with other candidates and he denied being given any answer sequences by either the Agency or another licensee.

When pressed by the Hearing Committee, the Licensee was unable to provide much detail with respect to the courses that he took in order to study for the exams. He suggested that he had done some work through an online course and that he had access to online "booklets" that he had used to prepare. No study materials were entered into evidence by the Licensee at the hearing. He did not have any explanation as to how his answers ended up being the same as many other candidates and he offered only that his answers came from his own knowledge.

He said that he attended the hearing because he did not cheat on the LLQP exams and he wanted the opportunity to provide his evidence to the Hearing Committee.

FINDINGS OF THE HEARING COMMITTEE

It is the burden of Council at this hearing to prove the allegations of cheating and collusion against the Licensee. The standard used is the civil standard, which is a balance of probabilities. The Licensee was contesting Council's allegations in this hearing.

Despite the Licensee's protestations that he did not cheat on the LLQP examinations, the Hearing Committee finds that Council has met its burden in this matter and that the Licensee did in fact cheat on the two LLQP examinations.

The evidence from Dr. Beauchamp was particularly telling in terms of the statistical improbability of two exam candidates using the precise same sequences of both correct and incorrect answers. Through Dr. Beauchamp's expert evidence alone, Council was able to establish on a balance of probabilities that the Licensee had cheated.

However, as Dr. Beauchamp noted, one must further assess whether or not there is some other explanation for the statistical results. For this reason, the Hearing Committee carefully considered all of the other available evidence. When Dr. Beauchamp's statistical evidence is considered in conjunction with the evidence that links the Licensee to the Agency and the dozens of other candidates who used the same or similar answer sequences on the LLQP examinations, the Hearing Committee finds that Council had presented an overwhelming case that the Licensee cheated on the two examinations.

Having the opportunity to hear from the Licensee in this instance only strengthened the Hearing Committee's views of this matter. With all due respect to the Licensee, his explanations as to what occurred were simply not credible in the circumstances. The totality of the evidence points to systemic and organized collusion on the LLQP examinations by a number of licensees associated with the Agency, including the Licensee. The Hearing Committee put no weight in the Licensee's denials that he cheated. His denials were not credible given all of the other available evidence.

Having carefully reviewed and considered the evidence described above, the Hearing Committee has concluded that the Licensee colluded on both the Ethics and the Accident and Sickness LLQP examinations.

RECOMMENDATIONS OF THE HEARING COMMITTEE

As noted by the Hearing Committee in the Varinder Grewal matter, Council's primary mandate is the protection of the public. The LLQP plays an important role in ensuring that all licensees possess a basic level of competency and knowledge in order to effectively, properly and ethically engage in life insurance transactions and serve the public.

The Hearing Committee views the Licensee's actions in this matter as very serious, contrary to the public interest mandate of Council and a 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.

We have drafted this report in conjunction with the report that we prepared with respect to Paramjit Dhaliwal. The Hearing Committee believes that a licensee who cheats on the qualification exams is a threat to the public interest and is unsuitable to hold a licence. In this

instance, the Hearing Committee is particularly troubled by the fact that, instead of coming clean with respect to his participation in the collusion, the Licensee continued at the hearing to cling to his position that he had not cheated on the LLQP examinations. The Hearing Committee had very real concerns about the veracity of the evidence given by the Licensee while under oath. We did not find the Licensee credible and we are of the view that he was not truthful in his testimony at the hearing.

Given the seriousness of all of these matters, the Hearing Committee believes that it is imperative for the Licensee to receive a significant penalty. In determining its recommendations to Council the Hearing Committee was referred to the same authorities as in the Varinder Grewal and Paramjit Dhaliwal matters: *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.

Council's position at the hearing was that the Licensee should receive the same penalty as that ordered against Varinder Grewal. In our view, there is however a qualitative difference between the allegations between the two licensees, as Varinder Grewal was found to have further facilitated collusion by others. In the eyes of the Hearing Committee, there is a difference between a licensee who cheats in order to obtain his licence as compared to a licensee who cheats, but then goes further and encourages others to cheat on the examinations. Both such licensees have conducted themselves in a manner that requires a significant penalty, but there are aggravating factors in the first scenario that would perhaps suggest that a more significant penalty is required.

The Licensee in this instance was part of an organized system to cheat on the LLQP examinations. This is serious misconduct. The Hearing Committee is of the view that a significant period of licence cancellation is required to meet Council's public-interest mandate, but we also believe that it is appropriate to differentiate the Varinder Grewal matter by ordering a somewhat lower fine. Had the Licensee acknowledged his misconduct at the hearing, we would have recommended an even smaller fine, but given that he continued to maintain that he had not cheated in the face of overwhelming evidence to the contrary, the Hearing Committee recommends that the fine still be significant.

To this end, the Hearing Committee recommends that Council consider the following penalty:

1. the Licensee's licence be cancelled with no opportunity to reapply for a period of 5 years commencing on the date of the order;
2. the Licensee is fined \$6,000, which is due and payable within 90 days; and
3. the Licensee be required to pay Council's costs of the hearing, in an amount to be determined (with such costs to be paid prior to the Licensee reapplying for a licence).

The Hearing Committee notes that Council did not seek an order that the Licensee be assessed the investigation costs of this matter. As we recommended in the Paramjit Dhaliwal matter, we encourage Council to consider also ordering investigation costs against the Licensee in this proceeding. Varinder Grewal was ordered to pay her share of the investigation costs and it seems fair that all others found to have cheated or colluded on the LLQP exams should also be required to bear their portion of those expenses.

Finally, the Hearing Committee notes that it was also recommended in the Varinder Grewal matter that before reapplying to obtain a licence, Ms. Grewal be required to complete an ethics course (or equivalent) approved by Council. The Hearing Committee believes it to be sensible to require some additional educational course for the Licensee in this instance and we recommend that Council also consider an additional requirement for the Licensee to complete further education before reapplying for a licence. We made a similar recommendation in the Paramjit Dhaliwal report.

Dated at Vancouver, British Columbia, on the **5th day of February, 2019.**



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