

**In the Matter of the**

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

**and the**

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

**and**

**SHAHZAD MURTAZA GURMANI**  
(the “Former Licensee”)

**ORDER**

As Council made an intended decision on July 13, 2021, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Former Licensee with written reasons and notice of the intended decision dated August 27, 2021; and

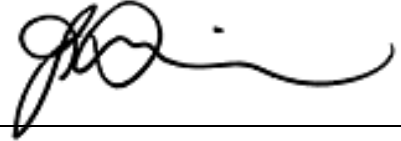
As the Former Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

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

1. The Former Licensee is fined \$2,000, to be paid by January 11, 2022, and which must be paid prior to the Former Licensee being licensed in the future;
2. The Former Licensee is required to complete the Insurance Institute’s “Ethics and the Insurance Professional” course, or an equivalent course as acceptable to Council, prior to being licensed in the future;
3. The Former Licensee is required to complete the Council Rules Course, currently available through the Insurance Brokers Association of British Columbia, prior to being licensed in the future; and
4. The Former Licensee is assessed investigation costs of \$1,062.50, to be paid by January 11, 2022, and which must be paid prior to the Former Licensee being licensed in the future.

Order  
Shahzad Murtaza Gurmani  
LIC-2018-0011305-R01, COM-2020-00027  
October 13, 2021  
Page 2 of 2

This order takes effect on the **13<sup>th</sup> day of October, 2021.**

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

Janet Sinclair, Executive Director  
Insurance Council of British Columbia

## **INTENDED DECISION**

of the

### **INSURANCE COUNCIL OF BRITISH COLUMBIA**

(“Council”)

**respecting**

### **SHAHZAD MURTAZA GURMANI**

(the “Former Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Former Licensee breached the Council Rules and/or the Code of Conduct when he made the following material misstatements to Council:
  - (a) signed an Application for First Insurance Licence or Re-Application (the “Application”) indicating he had not been previously licenced or registered with a financial service regulator and he was not under investigation by a financial service regulator when the same was not true; and
  - (b) failed to notify Council that he was disciplined on November 21, 2019, by the Registered Insurance Brokers of Ontario (“RIBO”).
2. On May 4, 2021, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met with the Former Licensee via video conference to review an investigation report prepared by Council staff and provide the Former Licensee an opportunity to make submissions or provide further information. A copy of the investigation report was forwarded to the Former Licensee and the Committee in advance of the meeting.
3. The investigation report, the Committee’s report to Council, and the Former Licensee’s submissions were reviewed by Council at its July 13, 2021 meeting where it was determined the matter should be disposed of in the manner set out below.

#### **PROCESS**

4. Pursuant to section 237 of the Act, Council must provide written notice to the Former Licensee of the action it intends to take under sections 231, 236 and 241.1 of the Act before taking any such action. The Former 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 Former Licensee.

## **FACTS**

### Background

5. The Former Licensee held a level 1 adjuster licence with Council from August 24, 2018, to August 1, 2020. His licence was terminated on August 1, 2020, for non-filing.
6. Prior to being licenced with Council, the Former Licensee was a registered insurance broker conducting business in Ontario. He resigned this registration on April 16, 2018.
7. On March 19, 2020, while conducting a standard review of disciplinary decisions by other regulatory bodies, Council staff determined that the Former Licensee had been disciplined on November 21, 2019 by RIBO. The Former Licensee did not notify Council within the required five business days or at any time of RIBO's discipline decision.
8. RIBO sent the Former Licensee an open investigation inquiry letter on December 21, 2017. On December 22, 2017, the Former Licensee confirmed via email that he had received RIBO's communication regarding the investigation.
9. Council subsequently determined that on June 27, 2018, the Former Licensee completed the Application, which was received by Council on July 24, 2018.
10. Under section 7 of the Application, the Former Licensee checked "no" to the following questions:

#### Section 7 Prior Licensing or Registration

- a) Have you ever been licensed or registered in any capacity, with a financial service regulator, insurance or otherwise, or any professional or occupational body, in any jurisdiction inside or outside of Canada?
- b) Have you ever been refused a licence or registration, or have you been subject to disciplinary action, or are you currently under investigation by any organization referred to in 7 (a)?

### The Former Licensee's Submissions

11. The Former Licensee moved from Ontario to Yellowknife in the spring of 2018. At first, he did not look for insurance jobs in Yellowknife because he wanted to put the issues with RIBO behind him.

12. In March 2018, the Former Licensee applied to work as an adjuster with an adjusting firm and got the job almost immediately. In order to be licensed as an adjuster in Yellowknife, he was required to hold a valid license in at least one other jurisdiction in Canada.
13. The adjusting firm requested that the Former Licensee apply to be licensed in as many Canadian jurisdictions as possible, so he applied to be licenced in British Columbia and Alberta. He did not tell the adjusting firm about the RIBO investigation.
14. When the adjusting firm learned about Council's investigation, the Former Licensee's employment contract was terminated immediately.
15. The Former Licensee explained he moved to Yellowknife because he had a family member who lived there. He said he was trying to get away from the issues in Ontario but "somehow they found him" anyway.
16. The Former Licensee admitted he breached the Rules by failing to notify Council of RIBO's decision. He also admitted his responses to the questions under section 7 of the Application were incorrect. He acknowledged he should have answered "yes" to both questions but explained he answered "no" because he did not equate the adjusting application with the general insurance application.
17. In the Former Licensee's written response to Council dated May 29, 2020, he advised that he did not notify Council of RIBO's discipline decision because he did not think RIBO's decision would matter to Council. He acknowledged he made a mistake and that he should have notified Council of the decision.

#### **ANALYSIS**

18. Council considered the investigation report, the Committee's report to Council, and the Former Licensee's submissions and determined that the Former Licensee's failure to notify Council of RIBO's decision is a clear breach of Council Rule 7(3), which requires licensees to notify Council within five business days when they have been disciplined by any financial sector regulator, or any professional or occupational body. Council also concluded that Code of Conduct sections 3 ("Trustworthiness") and 4 ("Good Faith") were breached by the Former Licensee's decision to withhold notice of RIBO's decision. Licensees are required by Council Rule 7(8) to comply with the Code of Conduct.
19. Similarly, the Former Licensee's misstatements to Council in the Application constitute additional breaches of Code of Conduct sections 3 and 4, as well as of section 12 ("Dealing with the Insurance Council of British Columbia").

20. Council took several aggravating factors into consideration. For instance, Council was very concerned by the fact that the Former Licensee appears to have moved to Yellowknife to avoid the consequences of RIBO's decision. Council is also concerned by the fact that the Former Licensee made the same misstatements in his application for licensure in Alberta.
21. At least at the time of his meeting with the Committee, the Former Licensee had still not paid the fine he owes in Ontario, which was due on May 20, 2020. Council is troubled that the Former Licensee appears to be waiting to see what the penalty will be in each province so he can decide which penalty to pay before re-applying for licensure. In Council's view, there is no indication that the Former Licensee intends to take responsibility for his misconduct in Ontario, which reflects poorly on his overall trustworthiness.
22. In addition, Council is not convinced the Former Licensee truly misunderstood the questions in section 7 of the Application. He was aware he was required to have experience in the industry before he could be licensed in Yellowknife, and he was aware that the adjusting firm was looking for experienced employees. It does not make sense that he could have claimed both to not have ever been licensed in Canada and also to have had the experience required to work in Yellowknife. Additionally, the questions in section 7 of the Application are clearly written and unambiguous. Council has concluded that the Former Licensee deliberately answered the questions incorrectly to conceal the issues in Ontario so he could be licensed to work in Yellowknife.
23. The Former Licensee asked Council to consider the following as mitigating factors:
  - (a) all the insureds and clients involved in the underlying matter that led to his RIBO discipline lived in Ontario;
  - (b) his acknowledgement, in regard to the underlying matter that led to his RIBO discipline, that he tried to expedite the placement of some policies in time to get commission for the month, but he did not intend to commit any wrongdoing;
  - (c) he has been in the insurance industry since 2014;
  - (d) he was dealing with personal issues [REDACTED]; and,
  - (e) if he gets penalized, it may cause hardship on his family.

24. With respect to the Former Licensee's failure to notify Council of the RIBO decision, Council accepts the Former Licensee's admission of misconduct and has considered his remorse as a mitigating factor in determining the appropriate penalty.
25. Council is not bound by precedent to follow the outcomes from prior decisions, but similar conduct should result in similar outcomes within a reasonable range depending on the particular facts of the case.
26. With respect to the Licensee's misconduct, Council considered the cases of *Amarpal Singh Atwal* (March 2021), *Noel Francine Smith* (October 2014), *Luan Xing* (August 2015), *Blaise Leslie Szekely* (December 2019), and *Rey Orlando Sua Carreno* (March 2019).
27. The Committee determined that the *Luan Xing* (August 2015) and *Rey Orlando Sua Carreno* (March 2019) decisions were the more relevant and instructive precedents.
28. *Luan Xing* (August 2015) concerned a licensee who made a material misstatement on his application to Council and failed to notify Council that he had been disciplined by the Certified General Accountants Association of BC. The licensee advised Council it had not occurred to him to disclose the information to Council because he was not conducting any business as a Certified General Accountant at the time of his application. Council fined the licensee \$2,000 and assessed investigative costs in the amount of \$1,037.50 against him.
29. *Rey Orlando Sua Carreno* (March 2019) concerned a licensee who failed to declare a personal bankruptcy to Council while holding an active licence. His licence was terminated for non-filing and, when he submitted a re-application to Council, he answered no to the question about bankruptcies. Council fined the licensee \$1,000 for his failure to notify and \$1,000 for making a material misstatement to Council on his re-application form. Council also required him to complete education requirements and be supervised for a period of two years of active licensing.
30. Overall, Council considered the Former Licensee's misconduct to be analogous to the misconduct in the *Luan Xing* and *Rey Orlando Sua Carreno* decisions. Council considers it necessary that he be sanctioned in a manner consistent with those decisions. To that end, Council intends to fine the Former Licensee, and require him to complete specified courses prior to being licensed in the future.
31. Council has also determined that investigative costs should be assessed against the Former Licensee. As a self-funding regulator, the cost to investigate the misconduct of a licensee or former licensee should not be borne by members of the insurance industry

unaffiliated with the investigation. This is particularly true when the evidence is clear that the actions of a licensee or former licensee have amounted to misconduct.

#### **INTENDED DECISION**

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

- (a) Fine the Former Licensee \$2,000, to be paid within 90 days of the date of Council's order, and which must be paid prior to the Former Licensee being licensed in the future;
- (b) Require the Former Licensee to complete the Insurance Institute's "Ethics and the Insurance Professional" course, or an equivalent course as acceptable to Council, prior to being licensed in the future;
- (c) Require the Former Licensee to complete the Council Rules Course, currently available through the Insurance Brokers Association of British Columbia, prior to being licensed in the future; and
- (d) Assess the Former Licensee investigative costs of \$1,062.50, to be paid within 90 days of the date of Council's order, and which must be paid prior to the Former Licensee being licensed in the future.

#### **RIGHT TO A HEARING**

33. If the Former Licensee wishes to dispute Council's findings or its intended decision, the Former 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 Former Licensee must give notice to Council by delivering to its office written notice of this intention within 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 Former Licensee does not request a hearing within 14 days of receiving the intended decision, the intended decision of Council will take effect.**

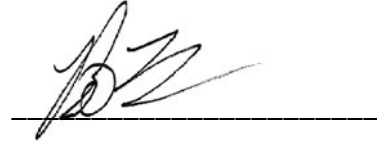
34. Even if this decision is accepted by the Former Licensee, pursuant to section 242(3) of the Act, the British Columbia Financial Services Authority ("BCFSA") still has a right to appeal to the Financial Services Tribunal ("FST"). The BCFSA has 30 days to file a Notice of Appeal, once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at [www.fst.gov.bc.ca](http://www.fst.gov.bc.ca) or visit the guide to appeals published on their website at [www.fst.gov.bc.ca/pdf/guides/ICGuide.pdf](http://www.fst.gov.bc.ca/pdf/guides/ICGuide.pdf).



Intended Decision  
Shahzad Murtaza Gurmani  
LIC-2018-011305-R01, COM-2020-0027  
August 27, 2021  
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Dated in Vancouver, British Columbia, on the 27<sup>th</sup> day of August, 2021.

For the Insurance Council of British Columbia

A handwritten signature in black ink, appearing to be 'JS', is written above a solid horizontal line.

*For* Janet Sinclair  
Executive Director