

In the Matter of the

FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141

(the “Act”)

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

and

ANN-MARIEL KRISINE ARIOLA

(the “Licensee”)

ORDER

As Council made an intended decision on October 31, 2023 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 January 8, 2024; and

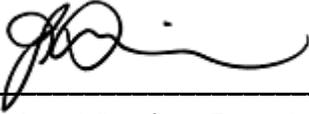
As the Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

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

- 1) A condition is imposed on the Licensee’s life and accident and sickness insurance licence that the Licensee be supervised for two years of active licensing by a supervisor approved by Council, commencing on or before February 26, 2024;
- 2) The Licensee is required to complete the following courses, or equivalent courses, as acceptable to Council, by July 22, 2024:
 - i. the Council Rules Course for life and/or accident and sickness insurance;

- ii. the Advocis “Compliance Toolkit: Know Your Product and Suitability” course;
and
 - iii. the Advocis “Cyber & Privacy Liability” course
- (Collectively, the “Courses”);
- 3) The Licensee is assessed Council’s investigation costs in the amount of \$3,341.25, to be paid by July 22, 2024;
 - 4) A condition is imposed on the Licensee’s life and accident and sickness insurance licence that failure to obtain a supervisor as required, failure to complete the Courses, and pay the investigation costs by July 22, 2024 will result in the automatic suspension of the Licensee’s licence, and the Licensee will not be permitted to complete the Licensee’s 2026 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.

This order takes effect on the **24th day of January, 2024**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

ANN-MARIEL KRISINE ARIOLA

(the “Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee engaged in a conflict of interest by lending funds to a client, sold unsuitable policies to clients, and breached client confidentiality by sharing client information with the Licensee’s spouse.
2. On July 25, 2023, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Committee and the Licensee prior to the meeting, and the Licensee was given an opportunity to make submissions and provide further information. The Licensee attended the meeting. A discussion of the investigation report took place at the meeting.
3. Having reviewed the investigation materials and having discussed the matter at the July 25, 2023 meeting, the Committee prepared a report for Council which was reviewed by Council at its October 31, 2023 meeting. Council determined that 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 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

5. The Licensee has been licensed with Council as a life and accident and sickness insurance agent (“Life Agent”) since December 17, 2018, and has maintained an authorization to represent an insurance agency (the “Agency”) since the same date.
6. The Licensee is also life-licensed in Alberta, Manitoba, and Ontario.
7. The Licensee had a Life Agent supervisor (the “Supervisor”) from December 17, 2018 to January 27, 2021.
8. On February 20, 2020, Council received correspondence from a complainant (the “Complainant”) raising concerns regarding the conduct of the Licensee towards her and her family (the “Family”), including her spouse (the “Spouse”) and their adult children (“Child One” and “Child Two” respectively).
9. The Complainant said she had been approached by the Licensee around April 2019 to join a first-time homebuyers’ seminar hosted by the Agency. She alleged that they told her to bring all existing life insurance policies for the Family, as they would need to be replaced to be approved for a mortgage.
10. Ultimately, the Spouse, Child One, and Child Two’s new policies increased in price, and the Licensee allegedly explained that this was due to larger coverage because they would be buying a home, and part of their life insurance payments would go towards the mortgage payments as well. It was also alleged that the Licensee sent money to the Spouse to pay for a missed insurance premium payment and that the Licensee may have shared the Complainant’s policy details with the Licensee’s spouse (the “Licensee’s Spouse”).

The Licensee’s Submissions to Council

11. In the Licensee’s initial response to Council, the Licensee stated that she did not tell the Complainant her life insurance premiums could be used towards her mortgage payments; she had advised the Complainant that she could use her life insurance to protect their upcoming mortgage so it would be taken care of in the event of death.
12. A summary of the client profiles and policy details, received from the Licensee and the insurer (the “Insurer”), are as follows:

The Complainant

- Based on the Licensee's file notes, the Complainant had assets of \$32,000, a net worth of \$10,500, and a household income of \$7,116 with a discretionary income of \$1,162 monthly.
- According to the policy application, the Complainant was listed as employed for six years with a current earned income of \$48,960 and a total net worth of \$35,000.
- The policy's effective date was August 1, 2019, with a monthly premium of \$200, and the policy was surrendered in February 2020.

The Spouse

- Based on the Licensee's file notes, the Spouse had assets of \$351.71, and a household income of \$7,116 with a discretionary income of \$1,162 monthly.
- According to the policy application, the Spouse was listed as a permanent resident of Canada who had resided in Canada for eight months but had allegedly been with his employer for three years, with a current earned income of \$44,870.
- The policy's effective date was August 28, 2019, with a monthly premium of \$497.71, and the policy was surrendered on March 28, 2020.

Child One

- Based on the Licensee's file notes, Child One had a total monthly income of \$1,600 with a discretionary income of \$969. His net worth was given as \$3,700.
- According to the policy application, Child One was listed as a permanent resident of Canada who had resided in Canada for eight months but had allegedly been with his employer for eight years, with a current earned income of \$23,040 and a total net worth of \$300.
- The policy's effective date was August 9, 2019, with a monthly premium of \$255, and the policy was surrendered on September 8, 2020.

Child Two

- Based on the Licensee's file notes, Child Two had a total monthly income of \$1,800 with a discretionary income of \$1,147. His net worth was estimated at \$100.
- According to the policy application, Child Two was listed as a permanent resident of Canada who had resided in Canada for six months but had allegedly been with his employer for three years, with a current earned income of \$26,000 and a total net worth of \$100.
- The policy's effective date was September 19, 2019, with a monthly premium of \$250, and the policy was surrendered in February 2020.

13. On January 21, 2021, Council staff conducted a telephone interview with the Licensee. The Licensee stated that she met with the Complainant for a financial needs analysis, which included a review of her existing policies. The Complainant indicated that she did not want to continue paying for her policy until she was aged 100. Consequently, the Licensee recommended an annual renewable term cost of insurance for the Family because the cost of the insurance was cheaper and the remainder of the policy funds would go to the investment portion.
14. When questioned how the Family could afford the insurance premiums based on their incomes, the Licensee indicated that the values were only averages as the Family often worked overtime, so their incomes would be higher than listed. Further, the Licensee stated that she had a relationship with the Family because she was helping them with their mortgage; she would follow up with the bank and help translate as the Family was more comfortable speaking their native language.
15. With respect to client confidentiality, the Licensee acknowledged that she had used the phone of the Licensee's Spouse to text the Family; however, the Licensee indicated that she deleted the text messages right away. She said she used both her personal phone and the phone of the Licensee's Spouse for business purposes because she was paying for it. She also reiterated that she had not discussed the Family's policy details with the Licensee's Spouse.

The Supervisor's Submissions to Council

16. The Supervisor, who is also the nominee of the Agency, stated that the Licensee had not submitted all four policies of the Family for review and approval as per their supervision process. The Licensee had only submitted Child Two's policy for review.
17. The Licensee had initially received commission payments for all four policies, but chargebacks were subsequently applied to claw back the paid commissions.
18. The Supervisor confirmed that the Licensee remained under supervision with the Agency due to this incident.

Review Committee Meeting

19. The Licensee told the Committee that she had recently given birth and had a newborn to care for. In response to the conflict of interest allegation, the Licensee stated that it was her first time lending funds to a client; however, she claimed that the funds were not meant to help the Spouse pay his

insurance premium. She stated that it was her culture to help others in need. She confirmed that she has not lent money to other clients since the incident.

20. When asked by the Committee why the Licensee did not recommend a term insurance policy to the Family, the Licensee explained that there was no cash value accumulation and that once the policy ends, the client may be subject to higher premiums at renewal. The Licensee recommended a universal life policy as there was cash value accumulation and it was cheaper than a whole life policy. The Licensee confirmed that the Family had instructed her to proceed with the policies; however, the Licensee could not recall whether she received written instructions.
21. In terms of supervision, the Licensee stated that she sends policies to the Agency's branch managers (the "Managers") for review and that she did not have any direct interaction with the Supervisor during her supervision period. She admitted that she did not submit three of the Family's policies to the Managers for review.
22. The Licensee reiterated that the Licensee's Spouse was her assistant and that his involvement with the clients was limited to scheduling appointments and taking messages for the Licensee, although the Licensee admitted that the Licensee's Spouse had sent several text messages containing client information to the Family. The Licensee stated that the Family was aware that she may use the phone of the Licensee's Spouse to contact them. She further stated that she would delete the text messages that contained client information to preserve confidentiality. Due to this, she admitted that she did not have a complete record of her conversation with the Family. The Licensee told the Committee that she now understood the importance of documenting client communications.

ANALYSIS

23. Council considered the impact of Council's Code of Conduct (the "Code") on the Licensee's conduct, including section 3 ("Trustworthiness"), section 4 ("Good Faith"), section 5 ("Competence"), section 7 ("Usual Practice: Dealing with Clients"), section 8 ("Usual Practice: Dealing with Insurers"), section 10 ("Usual Practice: Dealing with the Public") and section 12 ("Dealing with the Insurance Council of British Columbia"). Council concluded that the Licensee's conduct amounted to clear breaches of the aforementioned sections of the Code and professional standards set by the Code, except for sections 10 and 12. In addition, Council determined that the Licensee breached Council Rules 7(1) and 7(16.1). Licensees are required by Council Rule 7(8) to comply with the Code.
24. Council found that the Licensee breached the trustworthiness and good faith principles of the Code. The Licensee completed application forms for the Family that contained inaccurate information and

therefore did not act in good faith towards the Family and the Insurer. Although it may be a case of negligence, the Licensee misrepresented the information on the application forms and indirectly facilitated its approval. In any event, Council determined that the Licensee did not protect the Family's interests, especially since the Family relied on the Licensee for their insurance needs. Council was also troubled that the Licensee shared a phone with the Licensee's Spouse – Council was skeptical that the Licensee could maintain client confidentiality while sharing a phone.

25. Despite Council's findings, Council found that the Licensee's misconduct was competence-related. Council believed that the Licensee's lack of licensed experience and training contributed to her actions; for example, the Licensee failed to conduct an adequate fact-finding and assessment of the Family's insurance needs. The Licensee did not thoroughly analyze the financial information of the Family, including their incomes and assets, and the affordability of the policies. Council believed the Licensee's recommendation of the annual renewable term policies was a function of her inexperience with insurance products. To compound this, the Licensee only submitted Child Two's application to the Agency for review. The other three policies were not submitted for review, which Council found to be a breach of Council Rule 7(16.1).
26. Following the above, Council concluded that the Licensee did not prioritize the interests of the Family. By diverting a significant portion of the Family's available funds into the policies, the Family was put in a disadvantaged position. The Licensee failed to evaluate the Family's needs and accordingly, breached the "Usual Practice: Dealing with Clients" principle. Council also noted that it was a conflict of interest for the Licensee to lend funds to the Spouse. Further, there was no proof to substantiate the Licensee's claim that her text messages with the Family were deleted. The Licensee acknowledged that several text messages containing client information were sent by the Licensee's Spouse to the Family. There was no evidence to suggest that the Family had consented to the sharing of their information. In that regard, Council found that the Licensee breached Council Rule 7(1).
27. By completing the application forms with incorrect information, the Licensee failed to provide an accurate view of the Family's financials to the Insurer. In that regard, the Licensee breached the "Usual Practice: Dealing with Insurers" principle. The Licensee did not represent the Insurer's products accurately since she recommended annual renewable term policies to the Family without an adequate understanding of the said policies. In addition, she failed to make reasonable inquiries into the risk and the affordability of the premiums.
28. On the other hand, Council considered but did not believe that the Licensee held herself out to having expertise in other practices. Also, although the Licensee provided several inconsistent statements to Council during its investigation, Council did not consider the Licensee to be dishonest.

PRECEDENTS

29. 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.
30. With respect to the Licensee's misconduct, Council considered the cases of [Barbara Ann Nash](#) (December 2020), [Andreas Lauri Hinkkala](#) (August 2019), [Elliott T. Herrera](#) (November 2017), [Ismat Simo](#) (September 2017), [Edraline Buetipo Borgonia](#) (June 2016), and [Grant Sheldon Persall](#) (May 2014).
31. [Barbara Ann Nash](#) (December 2020): concerned a life agent licensee who had taken a loan from a client to make a down payment on a home. On the recommendation of the licensee, the client redeemed money from non-registered accounts and Tax-Free Savings Accounts to provide funds to the licensee. The client was charged a redemption fee which the licensee did not inform the client of when recommending redeeming the funds. The licensee added the client to the title of a home that was purchased. The client did not understand why he was on the title or the consequences of being on the title, such as being subject to property taxes. Additionally, the licensee obtained a life-term insurance policy naming the client as a 50% beneficiary. In October 2017, the licensee and the client entered into a new loan agreement. Council found that the licensee was in a conflict of interest and did not carry on the business of insurance in good faith and in a trustworthy and competent manner. Council noted concerns about the licensee's competence as she did not adequately explain the redemption fees to the client or the legal consequences of being on title to the property or the implications of being a revocable beneficiary on the insurance policy. Council further noted concerns about the licensee's tone and use of language in communications between the client and the licensee. Council ordered that the licensee complete four courses and required the licensee to be supervised for twenty-four months. The licensee was also fined \$2,500 and assessed investigation costs and hearing costs.
32. [Andreas Lauri Hinkkala](#) (August 2019): concerned a life agent licensee who recommended insurance products to a client and her two children who could not reasonably afford the premiums. In particular, the licensee redeemed and transferred the client's mutual funds to pay for the premiums on policies that the licensee sold. Additionally, the licensee let a policy lapse three times while he was the agent of record and did not maintain records of communication with clients. Council found that the insurance products the licensee recommended were grossly unsuitable considering the financial circumstances and needs of the client. Council also found that the licensee was motivated by insurance commissions in recommending the insurance products to the clients. Council determined that the licensee failed to carry on the business of insurance in good faith, conduct all insurance activities in a competent manner, and act in the usual practice of dealing with clients.

Council ordered that the licensee be supervised for two years and be required to complete an ethics course. The licensee was also fined \$2,500 and assessed investigation costs.

33. [Elliott T. Herrera](#) (November 2017): concerned a Level 2 general insurance agent licensee who enlisted the assistance of his spouse, who was unlicensed at the time, to contact clients regarding their Autoplan renewals. The licensee's spouse assisted the licensee from their home and was provided with a printout of a client coverage renewal list, which included client information. The licensee's wife became licensed and began working for a different agency than the licensee. The licensee's wife continued to contact the clients on behalf of the licensee from the agency in which she worked. Council determined the licensee breached client confidentiality when he shared the agency's client information with his spouse. Council determined that the licensee failed to provide clients with proper disclosure with regard to his spouse's involvement and that of their respective agencies. Further, the licensee allowed another licensee to conduct insurance transactions on his behalf without the appropriate authority to represent him. Council ordered that the licensee's general insurance licence be suspended for one year, required the licensee to complete the Council Rules Course and the Privacy Education Course, and assessed investigation costs.
34. [Ismat Simo](#) (September 2017): concerned a life agent licensee who recommended an elderly, unsophisticated client cash in a Tax-Free Savings Account ("TFSA") investment and then re-invest it in the same year in another TFSA. This led to a significant tax penalty for the client, as the client overcontributed to her TFSA. Council determined that the licensee had not undertaken an appropriate needs analysis and that his failure to provide proper advice to his client raised concerns about his competency and caused the client harm. The licensee was suspended until he had taken four courses of the Certified Financial Planner program, was subject to two years of supervision, and assessed investigation costs.
35. [Edraline Buetipo Borgonia](#) (June 2016): concerned a life agent licensee who was alleged to have sold life insurance policies to a client to replace existing policies, contrary to the client's best interests. Council found no evidence to suggest that the new policies were inferior to the existing ones. However, it did find that the process by which the licensee implemented the new policies less than satisfactory in that the policy comparison provided by the licensee was based on incomplete information. Council found that by providing comparisons without full information, the licensee failed to act in accordance with the usual practice of the business of insurance. Council also found it was inappropriate for the licensee to have had the client sign post-dated policy cancellation letters. While accepting that the licensee was attempting to act in the client's best interests, Council found that the licensee failed to demonstrate good judgment in dealing with the client, which brought into question her ability to act in a competent manner, and in accordance with the usual practice of the business of insurance. As a result, Council imposed conditions on the licensee's licence requiring her

to be supervised for 24 months, complete the Advocis Getting Established course, and pay Council's investigation costs.

36. [Grant Sheldon Persall](#) (May 2014): concerned a life agent licensee who promoted a strategy by creating brochures and distributing them to potential clients. One brochure included the provincial government's logo along with the slogan "The Best Place on Earth," as well as the logos of the Royal Bank of Canada ("RBC") and B2B Bank. The brochure stated, "In partnership with the Royal Bank of Canada Insurance & the Ministry of Finance in BC, Customplan has put together a program to save clients up to 47% on their annual property tax bill." The logos of the provincial government, RBC, and B2B Bank, as well as the name of Customplan, were all used without authorization. The licensee employed an unlicensed individual and a telemarketing company to assist in marketing the strategy and soliciting insurance on the licensee's behalf. Council found that the licensee disseminated client information without their knowledge. The licensee was also found to have misleadingly described the strategy to clients in his marketing materials, failing to provide important information. Council also concluded that the strategy was not practical for clients. Council determined that a three-year licence suspension was appropriate, but decided to decrease it to two years, due to the licensee having been inactive for about a year before the decision. The licensee was also required to complete the LLQP program before the suspension would be lifted, and would need to be supervised for two years following the suspension. He was also assessed investigation costs.

MITIGATING AND AGGRAVATING FACTORS

37. Council found several mitigating factors applicable in the subject case. Council determined that the Licensee's misconduct was a result of inexperience in the insurance industry and a lack of training. In addition, Council noted that the Licensee cooperated with its investigation. Council also considered that there were no known client complaints other than the Family, which Council believed was an isolated incident. While Council acknowledged the Licensee's statement that it was her culture to help the Spouse, Council noted that the Licensee still had an objective standard to meet and should not lend funds to clients as that would be a conflict of interest.
38. In terms of aggravating factors, Council considered that the Family was harmed as a result of the Licensee's misconduct and that they lost the premiums they had paid into the policies. Also, there was no evidence to suggest that the Family had other insurance in place after the cancellation of the policies.

CONCLUSIONS

39. After weighing all of the relevant considerations, Council concluded that the Licensee should be supervised for an additional two years and be required to take the Council Rules Course, a privacy course, and a product suitability course.
40. Council has determined that investigation costs should be assessed against the 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

41. Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision to:
 - a. Require the Licensee to be supervised by a qualified life and accident and sickness insurance agent, as approved by Council, for a period of two years of active licensing, commencing, at the latest, one month from the date of Council's order;
 - b. Require the Licensee to complete the following courses, or equivalent courses, as acceptable to Council, within 180 days of the date of Council's order:
 - i. the Council Rules Course for life and/or accident and sickness insurance;
 - ii. the Advocis "Compliance Toolkit: Know Your Product and Suitability" course; and
 - iii. the Advocis "Cyber & Privacy Liability" course

(Collectively, the "Courses");
 - c. Assess the Licensee Council's investigation costs of \$3,341.25, to be paid within 180 days of the date of Council's order; and
 - d. Impose a condition on the Licensee's life and accident and sickness insurance agent licence that failure to obtain a supervisor as required, failure to complete the Courses, and pay the

investigation costs within 180 days of the date of Council's order will result in the automatic suspension of the Licensee's licence, and the Licensee will not be permitted to complete the Licensee's 2025 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.

42. Subject to the Licensee'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.

ADDITIONAL INFORMATION REGARDING COSTS

43. Council may take action or seek legal remedies against the Licensee to collect outstanding costs, should this not be paid by the 180 day deadline.

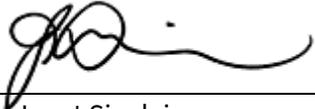
RIGHT TO A HEARING

44. If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case in 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 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 Licensee does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.**
45. Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the British Columbia Financial Services Authority ("BCFSA") still has a right of appeal to the Financial Services Tribunal ("FST"). The BCFSA has thirty (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 <https://www.bcfst.ca/> or visit the guide to appeals published on their website at <https://www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf>.

Intended Decision
Ann-Mariel Krisine Ariola
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January 8, 2024
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Dated in Vancouver, British Columbia on the **8th day of January, 2024.**

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