

In the Matter of the

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

and the

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

and

**CHUAN (KEN) HUANG**  
(the “Former Licensee”)

**ORDER**

As Council made an intended decision on September 17, 2024, 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 November 26, 2024; 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:

- a) The Former Licensee is fined \$1,500 to be paid by March 13, 2025;
- b) The Former Licensee is assessed Council’s investigation costs of \$1,000 to be paid by March 13, 2025; and
- c) Council will not consider any application for an insurance licence by the Former Licensee until such time as the Former Licensee has complied with the conditions listed herein.

This order takes effect on the **13<sup>th</sup> day of December 2024**.



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Janet Sinclair, Executive Director  
Insurance Council of British Columbia

## **INTENDED DECISION**

of the

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

respecting

### **CHUAN (KEN) HUANG** (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 acted in compliance with the requirements of the Act, Council Rules and Code of Conduct relating to allegations that the Former Licensee processed 32 Insurance Corporation of British Columbia (“ICBC”) Autoplan transactions that he knew, or ought to have known, were not insured for the purpose of operation on a British Columbia highway, and that the transactions were not in the best interests of ICBC.
2. On June 27, 2024, 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 Former Licensee prior to the meeting. Although the Former Licensee was provided with advance notice of the June 27, 2024, meeting, the Former Licensee did not attend the meeting. Having reviewed the investigation materials and after discussing the matter, the Committee prepared a report for Council.
3. The Committee’s report, along with the aforementioned investigation report were reviewed by Council at its September 17, 2024, 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**

5. The Former Licensee was licensed with Council as a Level 1 General Insurance Salesperson (“Level 1 Salesperson”) from August 2, 2018, to August 1, 2020. The Former Licensee’s licence was made inactive on August 1, 2019, and then terminated for non-renewal on August 1, 2020. The Former Licensee maintained an authorization to represent (“ATR”) an Agency from August 2, 2018, to July 5, 2019.

6. On May 14, 2021, Council issued a Production Order to ICBC requesting, among other things, records from July 4, 2018, to May 14, 2021, where an agency or a licensee in the same agency office placed more than 40 one-year policies on newer vehicles that were subsequently cancelled and transferred within 30 days.
7. On April 5, 2022, Council issued an additional Production Order to ICBC requesting investigative records involving the Agency.
8. On July 4, 2018, and February 16, 2020, ICBC issued Broker News Bulletins on Licensing Vehicles Appropriately and Some Important Reminders for Temporary Operation Permits (“TOP”). ICBC reminded licensees that when a vehicle is licensed, it must be for the purpose of operating on a British Columbia highway. If a licensee is aware that the only reason a policy is being sold is to facilitate the export of the vehicle, and the customer intends to cancel the policy within days of issuance, the customer should only be sold a TOP.
9. Between January 31, 2019, and June 28, 2019 (the “Transaction Period”), the Former Licensee, who was employed by the Agency, processed 32 transactions (19 submissions and 13 cancellations) of one-year policies involving 19 vehicles to different purchasers.
10. Of the 13 cancellations, one policy was issued and then cancelled by the Former Licensee two days later. Four policies were cancelled by the Former Licensee on the same day that the policies were issued by other agents. Eight policies were cancelled by the Former Licensee within one to two days after the policies were issued by other agents.
11. The Former Licensee processed repeated ICBC Autoplan transactions (policy issuance and cancellations) for the same vehicle within four months. A total of seven vehicles and 18 transactions were involved.
12. On November 4, 2019, ICBC determined that the Agency was issuing full-coverage annual policies, which were then cancelled on the same day or the next day. As a result of these transactions, ICBC paid a large amount of commissions to the Agency’s agents and merchant fees for the credit card transactions.
13. Further, ICBC concluded that these transactions were not “*in the best interest of ICBC*” and “*elements of tax evasion and potential money laundering were also discovered during the investigation.*” The transactions had not been reported to ICBC, contravening the Autoplan Procedures Manual.
14. In the 32 transactions that the Former Licensee had conducted, three main common policy owners were noted: Company EA, IH and Company WL. The above owners accounted for 27 of the 32 transactions.
15. ICBC’s investigation suggested that ties existed between Company EA and IH. IH was the director of Company WL and was also the salesperson of Company EA.

16. The 19 ICBC Autoplan policies issued by the Former Licensee had a combined total premium of \$256,631. The average premium per policy was \$13,507, which was seven times higher than the 2019 average auto premium in BC (\$1,832), according to the Insurance Bureau of Canada. All 19 policies had premiums greater than BC's 2019 average auto premium.
17. In addition, ICBC's investigation concluded that IH (including Company EA and Company WL) obtained new vehicles both locally and from out of province and subsequently purchased full-coverage annual policies by credit card at the Agency. IH would then routinely cancel the policies the same day and request a refund by cheque. ICBC noted that "*The refund by cheque also provided the prospect to launder money*" and "*the vehicles are then believed to be exported out of the country.*" IH would purchase the full policy instead of the standard non-licence or TOP to "conceal from the manufacturer that the vehicles were purchased for exportation."
18. ICBC also noted "the manufacturer[s] of these high-end vehicles are also financially impacted as these vehicles, as admitted by IH to a broker, are being exported out of the country."
19. On April 1, 2020, the Agency agreed to provide a payment of \$42,812 to ICBC to conclude the matter.
20. On June 12, 2023, and August 8, 2023, the Former Licensee provided submissions to Council. The Former Licensee was not aware of the business of exporting new luxury vehicles from dealerships to foreign markets. The Former Licensee claimed he did not facilitate the export of new luxury vehicles out of British Columbia through the insurance business. The Former Licensee denied that he had engaged in the practice of issuing annual insurance policies on new or newer vehicles and then cancelling the policies shortly after. The Former Licensee claimed that he did not know the vehicles would not be driven in Canada. The Former Licensee stated he had acted on the request of the customers.
21. The Former Licensee stated that all of the ICBC transactions were completed in the Agency office. The Former Licensee claimed that he had no interaction with the agent servicing the dealership and no contact with the dealership. The Former Licensee claimed that he did not receive any commissions above and beyond his ICBC commission. The Former Licensee stated that he "*got pay for[from] my employer*".
22. The Former Licensee further advised that he did not remember if he had facilitated any transactions which had the same purchaser of the vehicle. He could not recall whether he had engaged in short-term policy cancellation after policy issuance, repeated transactions on the same vehicle, and issuance of high premium policies during the Transaction Period.
23. The Former Licensee could not recall whether he had brought to the attention of any party in the Agency the short-term cancellation, repeated transactions on the same vehicle, and high premium policy issues. The Former Licensee could not also recall whether he had received any coaching, training, briefing, or anything equivalent regarding ICBC communication entitled Licensing Vehicles Appropriately, dated July 4, 2018, and Some Important Reminders for Temporary Operation Permits, dated February 16, 2020.

24. Although the Former Licensee could not recall whether he engaged in any short term policy cancellations after issuance or whether he brought these transactions to the Agency's attention, both of the Agency co-owners advised Council in their statements that the Former Licensee brought to their attention concerns relating to the transactions and that the Former Licensee was told by his supervisors at the time to proceed with the transactions instead of ceasing the transactions.
25. There was no substantive evidence suggesting that the Former Licensee knew of or was involved in the vehicle export grey market.

### **ANALYSIS**

26. Council considered the impact of Council's Code of Conduct on the Former Licensee's conduct, including section 3 ("Trustworthiness"), Section 4 ("Good Faith"), and section 8 ("Usual Practice: Dealing with Insurers"). Council concluded that the Former Licensee's conduct amounted to clear breaches of these sections of the Code and the professional standards set by the Code of Conduct. Licensees are required by Council Rule 7(8) to comply with the Code of Conduct.
27. Council found that Former Licensee breached the trustworthiness principle of the Code of Conduct. Although Council took into consideration that the Former Licensee had only been licensed for several months at the time of the Transaction Period, Council noted that the Former Licensee failed to follow ICBC procedure by completing the alleged transactions. By having an insurance licence, the Former Licensee had a professional responsibility to ensure that his insurance activities were conducted properly and in accordance with Council's expectations. To this end, Council found that the Former Licensee failed to conduct professional activities with integrity. Council did not find clear evidence of bad intention on the part of the Former Licensee; however, Council noted that the Former Licensee appeared to withdraw and change his responses to Council staff during its investigation.
28. Council concluded that the Former Licensee breached the Usual Practice: Dealing with Insurers principle. Council believed that the Former Licensee, at the very least, ought to have known that the alleged transactions were suspicious. The Former Licensee proceeded with the transactions without making reasonable inquiries into the risk. Council also noted that it was not clear whether the Former Licensee mentioned TOP to the clients. Among the resources available to the Former Licensee at the time, the Former Licensee could have contacted ICBC's Broker Enquiry Unit and checked on the transactions in the ICBC portal. The Former Licensee could have been more diligent by taking additional steps beyond contacting his supervisor.
29. As for good faith, Council concluded that the Former Licensee did raise concerns to the Agency's management and conducted transactions pursuant to the clients' instructions. For this reason, Council concluded that the Former Licensee did not breach the Good Faith and the Usual Practice: Dealing with Clients principles of the Code of Conduct. Council concluded that the Former Licensee did not mislead clients and did not make improper use of his position as a salesperson. Although the Former Licensee blindly followed management's direction to proceed with the transactions, Council concluded that it was reasonable for a Level 1 Salesperson to rely on management to provide oversight. Council noted that the onus is on management to provide proper oversight and support to

its licensees, especially to licensees relatively new to the industry. Accordingly, Council concluded that the Former Licensee's conduct did not rise to the level of incompetence, given his relevant lack of inexperience.

## **PRECEDENTS**

30. Before making its determination, Council took into consideration the following precedent cases. While Council is not bound by precedent and each matter is decided on its own facts and merits, Council found that these decisions were instructive in providing a range of sanctions for similar types of misconduct.
31. [Anthony Bryan Chua Cua](#) (February 2021) concerned a Level 2 general insurance agent licensee who unethically profited from commissions received from ICBC by regularly processing one-year vehicle insurance policies for an automobile dealership engaged in the export of vehicles out of Canada, and then cancelling the policies several days later. The licensee was found to have processed at least 129 transactions for the dealership, and had served as a straw buyer on two occasions by purchasing two vehicles using funds provided by the dealership. In total, the licensee earned over \$24,000 in commissions from ICBC. Council found that the licensee's actions demonstrated an overall lack of trustworthiness and good faith, and was exploitative of ICBC and its commissions system. In terms of mitigating factors, Council believed that the remorse shown by the licensee was genuine and noted that the licensee was a relatively inexperienced agent with no previous disciplinary history at the time of misconduct. Most notably, Council considered that the licensee had already experienced sanctions from ICBC, having had his Autoplan privileges suspended for a year and being required to complete courses. As for aggravating factors, Council found that the licensee's actions were financially motivated and demonstrated a lack of due diligence and an incredible amount of willful blindness. Council believed its decision should send a message to the insurance industry and general public that generating commissions through the processing of exploitative transactions is not acceptable to Council, and that licensees should self-correct and seek guidance and clarification in situations in which they suspect there may be ethical problems. Council ordered that the licensee's general insurance licence be suspended for a period of one year, and downgraded to a Level 1 Salesperson general insurance licence for a period of one year of active licensing. The licensee was also fined \$7,000 and assessed investigation costs.
32. [Ting En \(Brian\) Lin](#) (February 2021) concerned a Level 2 general insurance agent and a life and accident and sickness insurance agent licensee who unethically profited from commissions received from ICBC by regularly processing one-year vehicle insurance policies for an automobile dealership engaged in the export of vehicles out of Canada, and then cancelling the policies several days later. The licensee was found to have processed at least 30 transactions while employed at two insurance agencies, and had served as a straw buyer on three occasions by purchasing vehicles using funds provided by the dealership. Council determined the licensee had facilitated grey market transactions involving the export of luxury vehicles. Council found that the licensee's actions demonstrated an overall lack of trustworthiness and good faith, and was exploitative of ICBC and its commissions system. In terms of mitigating factors, Council believed that the remorse shown by the licensee was genuine, and considered the licensee to have been open and forthright with information. Most notably, Council

considered that the licensee had already experienced sanctions from ICBC, having had his Autoplan privileges suspended for a year and being required to complete courses. As for aggravating factors, Council found that the licensee's actions were financially motivated and demonstrated a lack of due diligence and an incredible amount of willful blindness. Council believed its decision should send a message to the insurance industry and general public that generating commissions through the processing of exploitative transactions is not acceptable to Council, and that licensees should self-correct and seek guidance and clarification in situations in which they suspect there may be ethical problems. Council ordered that the licensee's general insurance licence and life and accident and sickness insurance licence be suspended for a period of six months, and downgraded to a Level 1 Salesperson general insurance licence for a period of one year of active licensing. The licensee was further required to be supervised for a period of one year. The licensee was also fined \$5,000 and assessed investigation costs.

33. [Peter Hing-Fu Hung](#) (January 2015) concerned a Level 1 Salesperson licensee who worked mostly as a mobile road services agent. Over the course of two days, the licensee completed insurance transactions for two different luxury vehicles, for an individual who was later found to have been an imposter. There were suspicious circumstances involved with the transactions, but the licensee did not put notation on the transaction documents or take any other action to flag suspicions to ICBC or his supervisor. Council believed that the licensee had "turned a blind eye" to the suspicious circumstances, and that he had not appreciated their responsibilities when conducting suspicious transactions. The licensee was fined \$1,000, assessed costs of \$2,625 and required to complete three ICBC courses. The licensee was also required to complete the Insurance Brokers Association of British Columbia's Ethics for Insurance Brokers course and was only allowed to conduct insurance business from his agency's office until his courses were completed.

34. Council found the misconduct in *Hung* to be similar to the subject case. Although *Hung* concerned two transactions, Council noted that in both cases there was no evidence of deliberate intent to commit misconduct. Further, both *Hung* and the subject case concerned Level 1 Salespersons.

#### **MITIGATING AND AGGRAVATING FACTORS**

35. Council found several mitigating factors to be applicable in this case. Council believed that the Former Licensee's misconduct was partly attributed to a lack of experience, as the Former Licensee had only been licensed for several months at the time of the Transaction Period. Council considered that the Former Licensee made efforts to minimize the consequences of the misconduct by seeking direction from his supervisor. Further, Council noted that the Former Licensee co-operated with Council's investigation, despite the Former Licensee not being able to recall some details regarding the transactions.

36. As for aggravating factors, Council considered that, whether directly or indirectly, the Former Licensee's actions caused harm to the public, ICBC and the vehicle manufacturers. In addition, Council considered that this incident could have caused a lack of public trust in the insurance industry. Further, although there was no evidence to suggest bad intentions on the part of the Former Licensee, the transactions had the potential to facilitate money laundering.

## CONCLUSIONS

37. After weighing all of the relevant considerations, Council found the Former Licensee to be in breach of the Council's Rules and the Code of Conduct.
38. Council concluded the Former Licensee should be fined \$1,500. As the Former Licensee has been out of the industry since 2020, should the Former Licensee wish to apply for an insurance licence in the future, the Former Licensee will be required to meet all the education requirements in applying for an insurance licence and therefore Council did not require any additional education.
39. With respect to investigation costs, Council has concluded that these costs should be assessed to the Former Licensee. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear the costs of their discipline proceedings, so that those costs are not otherwise borne by British Columbia's licensees in general. Council has not identified any reason for not applying this principle in the circumstances.

## INTENDED DECISION

40. Pursuant to sections 231, 236 and 241.1(1) of the Act, Council made an intended decision that:
- a. The Former Licensee be fined \$1,500 to be paid within 90 days of Council's order;
  - b. The Former Licensee be assessed Council's investigation costs of \$1,000 to be paid within 90 days of Council's order; and
  - c. Council will not consider any application for an insurance licence by the Former Licensee until such time as the Former Licensee has complied with the conditions listed herein.
41. Subject to the Former 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 FINES/COSTS

42. Council may take action or seek legal remedies against the Former Licensee to collect outstanding fines and/or costs, should these not be paid by the 90-day deadline.

## RIGHT TO A HEARING

43. 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 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

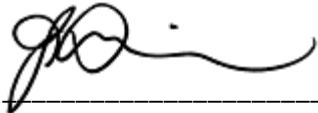


Director. If the Former Licensee does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.

44. 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 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 [www.bcfst.ca](http://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>.

Dated in Vancouver, British Columbia, on the **26<sup>th</sup> day of November 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