

In the Matter of the

FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141

(the “Act”)

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

and

JULAN LO

(the “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 Licensee with written reasons and notice of the intended decision dated November 26, 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:

- a. The Licensee is prohibited from acting as a nominee for any insurance agency for a period of five years starting on December 13, 2024 and ending at midnight on December 12, 2029;
- b. The Licensee is fined \$5,000, to be paid by March 13, 2025;
- c. The Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, by March 13, 2025:
 - i. Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. Supervision Course for General Insurance Agents; and
 - iii. Ethics and the Insurance Professional course, available through the Insurance Institute of Canada

(Collectively, the “Courses”)

- d. The Licensee is assessed Council's investigation costs of \$1,875, to be paid by March 13, 2025; and
- e. A condition is imposed on the Licensee's general insurance licence that failure to complete the Courses and to pay the fine and investigation costs in full by their deadlines 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 **13th day of December 2024**.



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA (“Council”)

respecting

JULAN LO
(the “Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee acted in compliance with the requirements of the Act, Council Rules and Code of Conduct relating to allegations that the Licensee failed to fulfil her responsibility as the nominee of an insurance agency (“Agency”) regarding the Agency’s processing of Insurance Corporation of British Columbia (“ICBC”) Autoplan transactions that involved the purchase and cancellation of the same policy within 48 hours.
2. On June 27, 2024, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met with the Licensee 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. A discussion of the investigation report took place at the meeting and the Licensee was given an opportunity to make submissions and provide further information. 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 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 became licensed with Council as a Level 2 General Insurance Agent (“Level 2 Agent”) on May 31, 1989, and upgraded to a Level 3 General Insurance Agent (“Level 3 Agent”) on May 31, 1991. The Licensee is currently a Level 3 Agent.
6. The Licensee has maintained an authorization to represent (“ATR”) the Agency since July 21, 2016, and was the nominee of the Agency from July 21, 2016, to December 31, 2021.

7. On May 14, 2021, Council issued ICBC a Production Order 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.
8. On April 5, 2022, Council issued an additional Production Order to ICBC requesting investigative records involving the Agency.
9. 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.
10. Between January 3, 2019, and September 12, 2019 (the “Transaction Period”), the Agency processed at least 27 transactions involving purchases and cancellations on the same policy within 48 hours.
11. 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.
12. 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.
13. In the transactions that the Agency conducted, four main common policy owners were noted: Company EA, IH, Company WL and JW. The above owners accounted for 22 of the 27 transactions.
14. 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. JW was identified by ICBC as being associated with IH.
15. The 27 ICBC Autoplan policies issued and cancelled by the Agency had a combined total premium of \$328,002. The average premium per policy was \$12,148, which was seven times higher than the 2019 average auto premium in BC (\$1,832), according to the Insurance Bureau of Canada.
16. ICBC’s data showed an additional 59 policies purchased by either IH, JW, Company WL and Company EA. The combined total premiums of the 86 policies issued by the Agency amounted to \$1,143,437. Eighty-five 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 August 6, 2021, the Licensee informed Council that, as a result of the incident, the Agency implemented a new procedure that requires staff to inform their supervisor of any policy cancellation requests within one month of policy issuance. Further, staff were to refuse to cancel any policy issued within two weeks of purchase.
21. Between June 19, 2023, and August 8, 2023, the Licensee provided additional submissions to Council. The Licensee did not provide any training, coaching, review or supervision of the Level 1 General Insurance Salespersons ("Level 1 Salespersons") who conducted the transactions. The Licensee was not aware of the concerning transactions conducted by the Level 1 Salespersons during the Transaction Period. The Licensee did not perform any review of the supervision activities of the Level 1 Salespersons.
22. From January 4, 2024, to January 8, 2024, the Licensee provided further submissions relating to the Agency structure and division of responsibilities between the Agency's current nominee (the "current nominee") and herself. The Licensee confirmed that she did not oversee or supervise the insurance activities of the Agency, besides commercial business, from July 2017 to December 2021. The Licensee was responsible for marketing the Agency. The Licensee stated that one of the new co-owners of the Agency oversaw and supervised all matters related to auto and personal insurance. The Licensee further advised that the current nominee assigned another agent, KL, who was the team leader and supervisor for the Autoplan division.
23. The Licensee found it challenging to fulfil her responsibility as the nominee of the Agency since she was not aware of most of the Agency's insurance activities. The Licensee stated that she believes that the current nominee bought the Agency on July 1, 2016, and worked at the office for one year before taking over the Agency's operations and becoming responsible for all insurance activities from July 1, 2017.
24. At the Committee meeting, the Licensee stated she delegated the management of ICBC Autoplan activities to other experienced staff, including KL. The Licensee stated that she was not involved in ICBC's investigation. The Licensee did not regularly attend the Agency's meetings on ICBC matters and did not receive ICBC bulletins.

25. When asked by the Committee about the alleged transactions, the Licensee explained that she was not briefed on the transactions at the time. The Licensee admitted that, as the nominee, she should be held responsible for all insurance activities of the Agency, including Autoplan.
26. The Licensee stated that she wanted to step down from her role as nominee of the Agency because she was not aware of the insurance activities of the Agency.

ANALYSIS

27. Council considered the impact of Council's Code of Conduct on the Licensee's conduct, including section 5 ("Competence") of Council's Code of Conduct (the "Code") on the Licensee's conduct. Council concluded that the Licensee's conduct amounted to clear breaches of this section of the Code and the professional standards set by the Code of Conduct. In addition, Council determined that the Licensee breached Council Rule 7(6). Licensees are required by Council Rule 7(8) to comply with the Code.
28. Council concluded that the Licensee did not fulfil her nominee duties competently and adequately. Council found the Licensee was complacent in her approach towards being a nominee of the Agency. Council was troubled by the Licensee's admission that she was uncomfortable with the operations of the Agency, including her interactions with management, but failed to take any substantive action to address these concerns. Given the Licensee's experience in the insurance industry, Council determined that the Licensee ought to have taken appropriate steps, which could include seeking guidance from Council, to remedy her concerns. Accordingly, Council determined that the Licensee's conduct did not align with the usual practice of the business of insurance.
29. While the Licensee was the nominee of the Agency, the Licensee was responsible to Council for all activities of the Agency. In this case, Council concluded the Licensee should bear responsibility for the subject ICBC Autoplan transactions. Therefore, Council found that the Licensee breached Council Rule 7(6).
30. Council considered but found that the Licensee did not breach Council Rule 7(14). While Council believed that the Licensee could have been more active in her role as the nominee of the Agency, Council accepted that the Licensee deferred some supervision tasks to the current nominee, the new owner of the Agency, but recognized her responsibilities as the nominee.

PRECEDENTS

31. Prior to making its recommendation in this matter, 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.

32. [*Maxxam Insurance Services \(Burnaby\) Ltd. and John Alexander Dewar*](#) (June 2021) concerned an insurance agency and nominee who permitted improper insurance transactions regarding vehicle replacement insurance at motor vehicle dealerships, failed to provide adequate disclosure to clients, and failed to adequately supervise general insurance salespersons and agents with respect to the sale of the vehicle replacement insurance. The agency and nominee allowed general insurance salespersons to sell vehicle replacement insurance contrary to the Council Rules and applicable licence restrictions. Council did not find relevant mitigating factors for the agency; however, Council found that the nominee's lack of prior disciplinary history was a mitigating factor. The agency was fined \$20,000 and the nominee was fined \$5,000. Further, the agency was prohibited from appointing any nominee who concurrently acts for any other insurance agency, and the agency was required to only appoint nominees who have successfully completed the "Duties and Responsibilities for Level 3 Agents and Nominees in BC" course. The nominee had their general insurance licence downgraded from Level 3 to Level 2 for a two-year period, and was required to complete the Council Rules Course and the "Duties and Responsibilities for Level 3 Agents and Nominees in BC" course. The agency was assessed investigation costs and the agency and nominee were assessed hearing costs on a joint and several basis.
33. [*InsureBC Underwriting Services Incorporated and Allison Rae Bergen*](#) (February 2018) concerned an insurance agency and nominee who failed to adequately supervise a licensee during the period they had authority to represent the agency. The licensee failed to remit insurance premiums to their managing general agency and subsequently had their licence suspended by Council. After the licensee's licence was suspended, the agency permitted the licensee to continue to work in an unlicensed capacity. The nominee acknowledged that they did not track the licensee's insurance activities while they had authority to represent the agency, and was unable to demonstrate there were any procedures in place with regard to supervision. Council determined that both the agency and nominee failed to take adequate steps to ensure the licensee was properly supervised. Council further noted that the agency and nominee did not take specific steps to monitor the licensee's insurance activities, and failed to notify its insurers after Council suspended the licensee's licence. In addition, the licensee was permitted by the agency and nominee to work a significant distance from the agency's office with no oversight, which brought into question their competency and ability to carry on insurance in accordance with the usual practice of the business of insurance. The agency was fined \$10,000 and the nominee was fined \$5,000. Council also ordered the nominee to complete the IBABC Level 3 seminar, prohibited the nominee from being designated as the nominee of more than two agencies, and required that if either agency has more than one branch office, each branch office must have a full-time Level 3 general insurance agent in regular attendance. The agency was assessed investigation costs.
34. [*The Whistler Shoppe LTD. dba The Whistler Insurance Shoppe and Peggy Kathleen Johansson*](#) (April 2016) concerned an error occurring at an agency that resulted in a client's insurance policy not being renewed upon expiration. Due to a change in a program, the agency had a list of policies that had to be re-marketed with a new insurer and manually renewed. The licensee responsible for processing the renewals failed to complete the renewal for a client who subsequently suffered a loss. Council concluded that the licensee's failure was an administrative error that did not reflect on their overall ability to act competently and in accordance with the usual practice of the business of insurance.

Council was more concerned by a lack of proper administrative and financial procedures being in place at the agency and with the nominee's failure to provide appropriate oversight. Council fined the nominee \$2,500, required them to complete the Level 3 seminar, and put a condition on their licence limiting them to being the nominee for a maximum of two agencies unless there is a full-time Level 3 Agent in regular attendance at every agency for which they are a nominee. Finally, Council fined the agency \$5,000, assessed investigation costs, and required the agency to have a full-time Level 3 Agent in regular attendance.

MITIGATING AND AGGRAVATING FACTORS

35. Council considered the Licensee's experience in the insurance industry to be an aggravating factor. Council noted that the Licensee has been licensed as an insurance agent for approximately 35 years, and has been licensed as a Level 3 Agent for over 30 years. Council also considered that the Licensee's misconduct took place during the Transaction Period, which spanned over eight months. Further, Council considered that, whether directly or indirectly, the Licensee's actions caused harm to the public as a whole.
36. As for mitigating factors, Council accepted that the Licensee acknowledged her misconduct and was remorseful. Council found that the Licensee co-operated with Council's investigation. Council also considered that the Licensee was put in a difficult position by the owners of the Agency as the Licensee had limited input on the business decisions of the Agency, which affected her ability to perform her responsibilities as a nominee as per Council's expectations.

CONCLUSIONS

37. After weighing all of the relevant considerations, Council found the Licensee to be in breach of the Council's Rules and the Code of Conduct.
38. Council concluded the Licensee should be fined \$5,000 and required to complete various courses. Council also determined that the Licensee should be prohibited from being a nominee for five years. In its consideration of whether a suspension was appropriate in the circumstances, Council concluded that the Licensee was limited in her ability to conduct her role as a nominee due to the Agency's owners' oversight and direction. As the Licensee did not directly oversee the auto insurance of the Agency, she was unable to detect the suspicious transactions. A licensee who chooses to take on the responsibility of a nominee should be well aware of their responsibilities and cannot rely solely on the delegation of authority to fulfil their duties. The Licensee ought to have been aware of what was taking place in the auto insurance aspect of the Agency, even if she was not conducting supervision of those activities on a daily basis. For these reasons, Council determined that although the Licensee did not conduct her nominee responsibilities to the expectation of Council, she did not knowingly participate in the transactions in question. Council found that a suspension is not necessary in these circumstances. This conclusion was supported by the precedents.
39. With respect to investigation costs, Council has concluded that these costs should be assessed to the 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 Licensee be prohibited from acting as a nominee for any insurance agency for a period of five years from the date of Council's Order;
- b. The Licensee be fined \$5,000, to be paid within 90 days of Council's Order;
- c. The Licensee be required to complete the following courses, or equivalent courses as acceptable to Council, within 90 days of Council's Order:
 - i. Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. Supervision Course for General Insurance Agents; and
 - iii. Ethics and the Insurance Professional course, available through the Insurance Institute of Canada

(Collectively, the "Courses")
- d. The Licensee be assessed Council's investigation costs of \$1,875, to be paid within 90 days of Council's Order; and
- e. A condition be imposed on the Licensee's general insurance licence that failure to complete the Courses and to pay the fine and investigation costs in full by their deadlines 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.

41. 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 FINES/COSTS

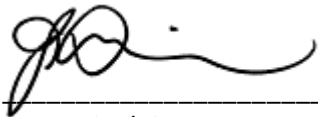
42. Council may take action or seek legal remedies against the Licensee to collect outstanding fines and/or costs, should these not be paid by the 90-day deadline.

RIGHT TO A HEARING

43. If the 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.
44. 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 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 **26th day of November 2024.**

For the Insurance Council of British Columbia



Janet Sinclair
Executive Director