

In the Matter of the

FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141

(the “Act”)

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

and

WAYNE LIN

(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’s general insurance and life and accident and sickness insurance licences is suspended for a period of one year, commencing on December 17, 2024 and ending at midnight on December 17, 2025;
- b. The Licensee’s Level 3 general insurance agent licence is downgraded to a Level 2 general insurance agent licence for a period of one year of active licensing, from the completion of the one-year suspension;
- c. The Licensee is fined \$10,000, to be paid by March 17, 2025, and which must be paid in full prior to the licence suspension being lifted;
- d. The Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, by June 16, 2025, and prior to the licence suspension being lifted:
 - i. Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters; and

- ii. Ethics and the Insurance Professional course, available through the Insurance Institute of Canada

(Collectively, the “Courses”);

- e. The Licensee is assessed Council’s investigation costs of \$1,875, to be paid by March 17, 2025, and which must be paid in full prior to the licence suspension being lifted; and
- f. A condition is imposed on the Licensee’s general insurance and life and accident & sickness insurance licences that failure to pay the fine and investigation costs and complete the courses by their deadlines will result in the automatic suspension of the Licensee’s licences and that the Licensee will not be permitted to complete the Licensee’s 2027 annual licence renewals until such time as the Licensee has complied with the conditions listed herein.

This order takes effect on the **17th day of December 2024**.



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

WAYNE LIN
(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 facilitated and/or permitted Insurance Corporation of British Columbia (“ICBC”) one-year vehicle insurance policies to be issued and then cancelled days later and which were contrary to ICBC’s interest and directives.
2. On June 19, 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 before 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 1 General Insurance Salesperson (“Level 1 Salesperson”) on June 27, 2007, upgraded to a Level 2 General Insurance Agent (“Level 2 Agent”) on December 23, 2008, and upgraded to a Level 3 General Insurance Agent (“Level 3 Agent”) on May 10, 2019. The Licensee is currently licensed as a Level 3 Agent.

6. The Licensee was also licensed as a life and accident and sickness insurance agent (“Life Agent”) from March 25, 2013 until August 2, 2017, and from July 27, 2023, through the date of this intended decision.
7. The Licensee has maintained an authorization to represent (“ATR”) an agency (the “Agency”) since July 21, 2016, and has been the nominee of the Agency since January 1, 2022.
8. The Licensee has had prior experience working with motor vehicle dealerships. The Licensee has held various ATRs with other agencies from October 2, 2007, and currently holds an ATR with a second agency from June 22, 2015, to the date of this intended decision.
9. The Licensee has a prior disciplinary history with Council. In March 2019, a reminder letter was issued to the Licensee for failing to notify Council of a disciplinary action by the Real Estate Council of BC. In February 2017, an order was issued to the Licensee for failing to complete the required Continuing Education credits.
10. 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.
11. On April 5, 2022, Council issued an additional Production Order to ICBC requesting investigative records involving the Agency.
12. 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.
13. 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.
14. 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.
15. 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.

16. In the transactions that the Agency had 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.
17. 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.
18. The 27 ICBC Autoplan policies issued and cancelled by the Agency had combined total premiums 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.
19. ICBC's data showed an additional 59 policies purchased by either Company EA, IH, Company WL and JW. The combined total premiums of the 86 policies issued by the Agency amounted to \$1,143,437.85 and the policies had premiums greater than BC's 2019 average auto premium.
20. 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."
21. 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.*"
22. During its investigation, ICBC interviewed the Licensee. The Licensee stated that he and his brother owned the Agency, which they purchased in August 2016. JL was the Agency's nominee at the time of purchase.
23. During the ICBC investigation, the Licensee also stated that before he spoke with an ICBC representative in September 2018, he was unaware that same-day cancellations were being conducted. From September 2018 onwards, he specifically instructed his staff to conduct business according to ICBC instructions and advised them that they were not allowed to conduct same-day cancellations.
24. After speaking with ICBC, the Licensee knew the Agency should not continue to conduct these transactions. The Licensee believed that his brother had a meeting with the Agency's staff. The Licensee discussed with his brother the possibility of discontinuing business with IH and two or three other businesses that were also doing business in a similar manner.
25. The Licensee had brought his concerns to ICBC and concluded that the customer had the right to purchase a policy but not to cancel it right away in his office. The Licensee stated that he would not know if the policy was cancelled at another business.

26. The Licensee stated to ICBC that he told the Agency's agents that as long as they were only issuing the policy and not doing a same-day cancellation it was not really a concern.
27. The Licensee also stated to ICBC that he received a letter from ICBC on how to handle these types of transactions and the communication between his brother and ICBC continued for several months, at the end of which it was decided by the Agency that agents could issue the policies. Agency staff shared their concerns with the Licensee about the high premiums of the policies and questioned whether IH was operating a legal business. The Licensee stated that the customer had the right to declare any coverage or driver.
28. The Licensee told IH that the Agency would not be conducting any business with IH until the ICBC investigation had been completed.
29. The Licensee did not believe IH was offering inducements of any kind to conduct business with the Agency.
30. On April 1, 2020, the Agency agreed to provide a payment of \$42,812 to ICBC to conclude the matter.
31. On August 6, 2021, JL, the Agency's nominee at the time, informed Council that, as a result of the incident, the Agency had 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.
32. In the Licensee's submissions to Council, he stated that he did not facilitate the export of new luxury vehicles out of British Columbia through insurance business and did not engage in the practice of issuing annual insurance policies and cancelling the policies shortly after. The Licensee was aware of the ICBC communications dated July 4, 2018, and February 16, 2020, regarding TOP.
33. The Licensee admitted that he was the supervisor of three Level 1 Salespersons (collectively, the "Level 1 Salespersons") during the Transaction Period. The Level 1 Salespersons conducted the majority of alleged transactions in question.
34. The Licensee reviewed the transactions of the Level 1 Salespersons but did not note any major issues. The Licensee said that the Level 1 Salespersons brought the concerning transactions to his attention, and that he advised the Level 1 Salespersons to proceed with the transactions. The Licensee also stated, "*If you are looking for someone responsible. That would be me. As [the] owner of the company and current nominee of the agency[,] I bear the responsibility to oversee the whole agency operation.*"
35. On January 8, 2024, the Licensee confirmed that he supervised and oversaw the Agency's insurance activities including automobile, personal lines and travel insurance, between July 2017 and January 2022. The Licensee also confirmed that he made decisions for the Agency. The Licensee also accepted responsibility for the short-term policy cancellations during the Transaction Period.

36. During the Transaction Period, the Licensee was a Level 2 Agent for several months; however, the Licensee still supervised the Agency's insurance activities and was in effect acting as a nominee.
37. There was no substantive evidence suggesting that the Licensee knew or was involved in the vehicle export grey market.
38. During the Review Committee meeting, the Licensee told the Committee that the Agency continued to process the transactions while it waited for ICBC to conclude its investigation, even though he was aware that the transactions were not in ICBC's interests. The Agency stopped processing the transactions after ICBC concluded its investigation.
39. The Licensee stated that IH was a business associate of the Agency's previous owner. The Licensee stated that IH was asked if they wanted an annual policy or a TOP. IH was never asked if the vehicles would be exported out of British Columbia.
40. The Licensee deferred the day-to-day supervision of the Agency's ICBC business to KL, who worked at the front desk with the Level 1 Salespersons. However, the Licensee was still the de facto nominee of the Agency and/or acting in the role of a delegated nominee.
41. Although the Licensee admitted that the Agency conducted the alleged transactions, the Licensee claimed that ICBC should have had a more robust system in place to detect suspicious transactions. However, the Licensee did admit that he was negligent at the time and that the Agency could have done more to question the transactions. The Licensee confirmed that the Agency did not receive any fees or inducements from IH regarding the transactions.

ANALYSIS

42. Council considered the impact of Council's Code of Conduct on the Licensee's conduct, including section 4 ("Good Faith"), section 5 ("Competence") and section 8 ("Usual Practice: Dealing with Insurers"). The Committee concluded that the Licensee's conduct amounted to clear breaches of these sections of the Code of Conduct 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.
43. Council found that the Licensee's conduct demonstrated a willful disregard of duties and obligations under the Council Rules and the Code of Conduct. For instance, the Licensee knew that he did not have a Level 3 Agent licence for several months during the Transaction Period, but still acted as the supervisor for the Agency. Further, Council determined that the Licensee ought to have known that the nominee was responsible to Council for all activities of the Agency. By shielding the nominee from the Agency's ICBC business, the Licensee put the nominee in a difficult position. Accordingly, Council found that the Licensee breached the good faith principles of the Code of Conduct.
44. Following the above, Council concluded that the Licensee failed to fulfil his supervisory duties competently. The Licensee lacked the competency and business judgment expected of a supervisor, as evidenced by the Licensee's inability to address the suspicious transactions brought to his

attention by the Agency's staff. The Licensee failed to properly oversee and notice the red flags arising from the ICBC transactions. Further, Council found the Licensee's attitude to be lackadaisical. Although the Licensee eventually took responsibility for the transactions, there was a lack of accountability for the transactions at the time that they occurred during the Transaction Period. In all, Council found that the Licensee failed to conduct insurance activities in a competent manner.

45. Council also concluded that the Licensee breached the usual practice of dealing with insurers. The Licensee did not make reasonable inquiries into the risk of the ICBC transactions, and did not question the appropriateness of the transactions. In proceeding with the transactions, the Agency did not adhere to the authority granted by ICBC, which Council believed the Licensee should be responsible for as the decision-maker for the Agency. Council also concluded, on a balance of probabilities, that the Licensee did not provide full and accurate information to ICBC during its investigation. Council determined that the Licensee withheld pertinent information regarding the transactions.

PRECEDENTS

46. 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.
47. [*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.
48. [*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 Council's 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.

49. [*The Whistler Shoppe LTD. dba The Whistler Insurance Shoppe and Peggy Kathleen Johannson*](#) (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

50. Council considered the Licensee's prior disciplinary history with Council to be an aggravating factor, given that Council had disciplined the Licensee twice in the past few years. Also, Council found the Licensee's experience in the insurance industry to be an aggravating factor, considering that the Licensee had worked with dealerships in his previous employment. Further, Council considered that, whether directly or indirectly, the Licensee's actions caused harm to the public as a whole, as the transactions had the potential to facilitate money laundering.
51. As for mitigating factors, Council accepted that the Licensee acknowledged and took responsibility for his misconduct. Council believed that the Licensee recognized the severity of the transactions, as demonstrated by the Agency's decision to stop conducting business with IH. That being said, the Committee noted that it took the Agency several months to do so. Council noted that the Licensee cooperated with Council's investigation and found the Licensee to be genuine in his interactions with

Council. Council also considered that there was no further evidence of misconduct after the Agency stopped conducting business with IH.

CONCLUSIONS

52. 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.

53. Council concluded the Licensee should be suspended for one year and have his general insurance licence downgraded from a Level 3 Agent to a Level 2 Agent for one year following the suspension. The Committee considered that this would be the third disciplinary action from Council in the last few years, and that the Licensee was in a position of authority at the Agency, having made decisions for the Agency. In addition, the Council determined the Licensee should be assessed a fine of \$10,000 and assessed investigation costs. The Committee also recommends that the Licensee be required to take the Council Rules Course and an ethics course.

54. Further, the Committee has determined that it is necessary to impose conditions to both classes of licences held by the Licensee. As per Council Rule 7(8), the Licensee is required to comply with the Code of Conduct for all classes of licences held. Therefore, the misconduct and breaches of the Code of Conduct impacts both classes of licences held by the Licensee and is subject to conditions on each licence.

55. 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

56. Pursuant to sections 231, 236 and 241.1(1) of the Act, Council made an intended decision that:

- a. The Licensee's general insurance and life and accident and sickness insurance licences be suspended for a period of one year from the date of Council's Order;
- b. The Licensee's Level 3 general insurance agent licence be downgraded to a Level 2 general insurance agent licence for a period of one year of active licensing, from the completion of the one-year suspension;
- c. The Licensee be fined \$10,000, to be paid within 90 days of Council's Order, and which must be paid in full prior to the licence suspension being lifted;

- d. The Licensee be required to complete the following courses, or equivalent courses as acceptable to Council, within 180 days of Council's Order, and prior to the licence suspension being lifted:
 - i. Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters; and
 - ii. Ethics and the Insurance Professional course, available through the Insurance Institute of Canada

(Collectively, the "Courses");
- e. The Licensee be assessed Council's investigation costs of \$1,875, to be paid within 90 days of Council's Order, and which must be paid in full prior to the licence suspension being lifted; and
- f. A condition be imposed on the Licensee's general insurance and life and accident & sickness insurance licences that failure to pay the fine and investigation costs and complete the courses by their deadlines will result in the automatic suspension of the Licensee's licences and that the Licensee will not be permitted to complete the Licensee's 2027 annual licence renewals until such time as the Licensee has complied with the conditions listed herein.

57. 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

58. 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.

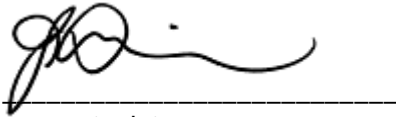
RIGHT TO A HEARING

59. 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.

60. 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

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

Janet Sinclair
Executive Director