

In the Matter of the

FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141

(the “Act”)

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

and

YINGHUI (SHELLEY) SHAO

(the “Licensee”)

ORDER

As Council made an intended decision on October 29, 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 December 9, 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 licence is suspended for a period of one year, commencing on January 13, 2025, and ending at midnight on January 13, 2026;
- b. The Licensee’s Level 2 general insurance agent licence is downgraded to a Level 1 general insurance salesperson licence and Council will not consider an application to upgrade to a Level 2 general insurance agent licence for a period of one year, commencing at the end of the suspension period on January 13, 2026, and ending at midnight on January 13, 2027;
- c. The Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, by April 14, 2025, and which must be completed prior to the Licensee’s licence suspension being lifted:
 - i. the Council Rules Course for general insurance agents, salespersons and adjusters; and
 - ii. the Ethics and the Insurance Professional course, available through the Insurance Institute of Canada

(collectively the “Courses”);

Order

Yinghui (Shelley) Shao

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- d. The Licensee is fined \$7,500, to be paid by April 14, 2025 and which must be paid in full prior to the Licensee's licence suspension being lifted; and
- e. The Licensee is assessed Council's investigation costs in the amount of \$2,000, to be paid by April 14, 2025 and which must be paid in full prior to the Licensee's licence suspension being lifted.
- f. A condition is imposed on the Licensee's general insurance licence that failure to pay the fine and investigation costs in full and complete the Courses 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 2027 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 January 2025**.



For Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA (“Council”)

respecting

YINGHUI (SHELLEY) SHAO (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 improperly processed Insurance Corporation of British Columbia (“ICBC”) one-year vehicle insurance policies for companies engaged in exporting vehicles out of Canada, that she placed policies that were cancelled days later, and that she acted as the temporary owner and purchaser of six policies that were cancelled within four days. In addition, Council investigated whether the Licensee processed Autoplan transactions involving vehicles in her name.
2. On September 11, 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 October 29, 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 the Council as a Level 1 general insurance salesperson (“Level 1 Salesperson”) on October 29, 2014. The Licensee became a Level 2 general insurance agent (“Level 2 Agent”) on April 7, 2020. The Licensee has held an authority to represent (“ATR”) agencies ABC and

DEF since April 7, 2020, agency XYZ since June 23, 2023, and agency TUV from March 25, 2024. From November 2, 2015, to June 15, 2017, the Licensee held an ATR with agency GHI, from June 15, 2017, to January 29, 2021, with an agency (“the Agency”), and from March 12, 2020, to February 11, 2021, with agency JKL.

6. 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. ICBC reminded Autoplan agents that when a vehicle is licensed, it must be for the purpose of operation 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 intention of the customer is to cancel the policy within days of issuance, the customer should only be sold a Temporary Operation Permit (“TOP”).
7. On May 14, 2021, Council issued a Production Order to ICBC requesting 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 thirty days.
8. From the documents received from ICBC, Council noted that between May 13, 2019, and June 25, 2020, the Licensee purchased six one-year policies under her own name. In addition, between March 5, 2020, and December 4, 2020 (“the Transaction Period”), the Licensee issued 29 one-year policies in circumstances where she should have known that one-year Autoplan policies were not appropriate. Of these 29 policies, the Licensee processed 18 of the policy cancellations.
9. In the 29 policies considered by Council’s investigation, the associated vehicles were mostly transferred to two subsequent owners, both of which are companies: Company TT and Company X. It is noted that 16 vehicles were transferred to Company TT and nine vehicles were transferred to Company X. Company TT was a licensed motor dealer during the Transaction Period, according to the Vehicles Sales Authority of BC.
10. In 17 of the 29 one-year transactions, there were five common principal operators whose names differed from the policy owners. AC was the principal driver on four policies that were owned by different policy owners. JW was the principal driver on 5 policies that were owned by different policy owners. BB was the principal driver on three policies, with two of the three policies being owned by different policy owners. LL was the principal driver for three policies, with one policy owned by a different policy owner. KX was the principal driver on two policies owned by different policy owners.
11. The Licensee processed four one-year policies where the purchaser on the vehicle registration was named as NF, which was the same name used in the signature of the subsequent owner.
12. Between May 13, 2019, and June 25, 2020, the Licensee was noted as the temporary owner of six vehicles. The Licensee also issued all six of the one-year policies under her own name for those same vehicles. All six of these policies were cancelled within four days and transferred to Company TT.

13. In addition, between February 16, 2017, and May 27, 2017, the Licensee processed three transactions on one policy issued under her own name. The Licensee performed one policy renewal and made two policy changes on her own policy in contravention of ICBC Autoplan procedures.
14. As part of its own internal investigation, ICBC interviewed the Licensee on August 26, 2021. During the interview, the Licensee advised that she did not have a relationship with Company TT and was assisting on behalf of her colleague, DD. Company TT would call the Licensee to carry out transactions when DD was on vacation. She had carried out around 20 transactions for Company TT. The Licensee stated that she had no relationship with Company X. The Licensee admitted that she had sold one-year Autoplan policies that she knew would be cancelled within a short period of time. The Licensee denied that she had received any money for processing the Autoplan policies and said that she was only invited for lunch on one occasion. The Licensee expressed regret for what she had done and for being paid commissions on premiums that were refunded.
15. As a result of its internal investigation, ICBC prohibited the Licensee from conducting ICBC Autoplan business and accessing ICBC's Broker Connect for a period of one year, beginning on November 8, 2021.
16. On February 13, 2022, and February 14, 2023, the Licensee submitted emails to Council relating to this investigation.
17. The Licensee advised that she was unaware of the ICBC communications entitled Licensing Vehicles Appropriately, dated July 4, 2018, and Some Important Reminders for Temporary Operation Permits, dated February 16, 2020. She stated that at the time, she thought she was insuring a car and did not see her role as facilitating the export of vehicles. She stated that she had seen her co-workers in different dealerships performing similar transactions, and this made her think that these actions were acceptable. The Licensee also stated that there were cases where she did not know that the vehicle was not going to be driven in Canada or that the insurance policy would be cancelled shortly after being placed. The dealerships requested annual insurance coverage so that they could provide evidence of this to the lease company or the vehicle manufacturer. The Licensee stated that dealerships were not allowed to sell vehicles without a one-year insurance policy, even if the client did not want a one-year insurance policy for financed vehicles. The purchaser could not buy a vehicle with a Temporary Operation Permit.
18. The Licensee was aware that some of her transactions involved the same purchaser of the vehicle. Although the Licensee knew that some purchasers received compensation for their role, she did not know the exact compensation they had received.
19. The Licensee did not know the reason why the policies were cancelled and said that she had only acted on the insured's instruction to complete the cancellation.
20. The Licensee also stated that she did not receive any payment other than the commissions from the Agency relating to the transactions.

21. At the Review Committee meeting, the Licensee provided some clarification relating to the investigation. She stated that NF was a signing officer for Company X and had therefore signed on behalf of the company on multiple documents.
22. The Licensee stated that Company TT had asked for her help to purchase vehicles, and that she did this to assist her co-worker. The Licensee stated that her co-worker DD had a relationship with Company TT, and she was asked to assist when DD was away. The Licensee stated that she felt it was important for her to keep a good relationship with her co-worker and this is why she had assisted Company TT. The Licensee stated that she would be given a bank draft from Company TT to purchase a vehicle and she would then transfer ownership to Company TT. The Licensee admitted that she was the interim buyer and facilitated the purchase of a vehicle on two or three occasions, but denied doing so on six occasions, as documented in the investigation. The Licensee pointed out that one of the transfer forms from the investigation materials had a signature that was not hers and that it was signed "Shelly Shao" and processed by DD. The signature "Shelly" is not how the Licensee spells her name, as she uses Shelley. The Licensee noted that the forms she had signed had different handwriting and that she uses her full name, "Yinghui Shao," in her signature. Additionally, the Licensee stated that the alleged three transactions that she processed under her own name were for her husband's policy and not for her own.
23. As a result of the investigation by ICBC, the Licensee stated that the Agency withheld all of her commissions, which the Licensee stated was roughly \$9,000. The Licensee further stated that she left the Agency shortly after the ICBC investigation because she was embarrassed about the situation.

ANALYSIS

24. Council concluded that the Licensee repeatedly processed and collected commissions for one-year Autoplan insurance policies where the Licensee ought to have known the transactions were suspicious and were not intended for the purpose of operating a vehicle on a British Columbia highway. Council determined that the Licensee should have been aware that issuing one-year policies was not appropriate as the Licensee processed 16 vehicle transfers to Company TT and nine vehicle transfers to Company X. The Licensee knew or ought to have known that Company TT and/or Company X were not purchasing vehicles for use or operation in British Columbia. However, the Licensee continued to process transactions and assist Company TT and Company X. Council notes there were enough suspicious flags that the Licensee either should have known or ought to have known that the transactions in question were not appropriate.
25. Additionally, Council was very troubled that the Licensee became personally involved and agreed to be a buyer for Company TT. The Licensee admitted to receiving bank drafts from Company TT to be used for purchasing vehicles for the dealership. Although the Licensee knew in these instances that she did not intend to keep or drive the vehicles, she still facilitated the vehicle purchase and issued one-year Autoplan policies for them. Council found this to demonstrate that the Licensee made false declarations to ICBC regarding her intentions to insure the vehicles. Council found that the Licensee demonstrated a lack of trustworthiness, good faith and competence and did not act in the best interest of the insurer by conducting the 29 Autoplan insurance policies that were cancelled within

days of being issued, and, in particular, by her admitted involvement as an interim buyer of at least two or three vehicles.

26. Council was further concerned by answers the Licensee had provided to ICBC in her interview of August 26, 2021. In the interview, the Licensee stated that during COVID-19 there were instances when she was at a dealership and only the dealership would verify the customer's identification documents ("ID") – the Licensee would not personally check the ID as well. Council notes that this practice is not in line with the usual practice and is a breach of section 5 ("Competence"), as all licensees should take steps to verify the identity of the client.
27. Council considered the impact of Council Rule 7(8) and Council's Code of Conduct guidelines on the Licensee's conduct, including section 3 ("Trustworthiness"), section 4 ("Good Faith"), section 5 ("Competence") and section 8 ("Usual Practice: Dealing with Insurers"). Council concluded that the Licensee's conduct amounted to breaches of the above Council Rule and Code of Conduct sections, and the professional standards set by the Code.

PRECEDENTS

28. Before making its decision 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.
29. [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 wilful blindness. Council believed its decision should send a message to the insurance industry and public that generating commissions by processing 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.

30. [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 concluded that 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 wilful blindness. Council believed its decision should send a message to the insurance industry and public that generating commissions by processing 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.
31. [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 his 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.
32. [Wendy Chui Ping Kwan](#) (July 2022) concerned a Level 2 Agent licensee who had processed her own ICBC Autoplan transactions since the early 1990s and misrepresented the principal operator of her personal vehicle on several ICBC policies. The misrepresentation came to light after ICBC's investigation into the licensee's stolen vehicle claim. ICBC prohibited the licensee from conducting Autoplan business for nine months. By processing her own insurance transactions, Council found that the licensee engaged in a clear conflict of interest. Council determined that the licensee ought to have known that her conduct was unacceptable, given that the licensee had over 30 years of experience in the insurance industry. In addition, the licensee made material misstatements to Council during its

investigation. The licensee derived a financial benefit from her misconduct, as the misrepresentation led to reduced premiums to the detriment of ICBC. Council accepted that the licensee did not have a prior discipline history with Council. The licensee was suspended for one year; had her Level 2 Agent licence downgraded to a Level 1 Salesperson licence for one year; was required to complete an ethics course, the Council Rules Course and the Autoplan Basics program; and was assessed investigation costs of \$2,312.50.

33. [Jasbir \(Jessie\) Singh Minhas](#) (March 2023) concerned a Level 3 agent licensee who processed his own ICBC Autoplan transactions on 13 occasions between September 14, 2016, and January 12, 2019. Additionally, the licensee's son was involved in a motor vehicle collision where the son was driving the licensee's vehicle. The son left the scene of the accident. The licensee reported to ICBC that he was the driver involved in the collision and not his son. After an ICBC investigation, it was proven that the son was, in fact, the driver and not the licensee. The licensee admitted that he falsely declared being the driver in the accident when he knew his son had been the driver. The licensee was restricted from conducting ICBC Autoplan business for one year and was required to complete courses. Council determined that the licensee engaged in a conflict of interest by processing his own ICBC transactions, did not respond promptly and honestly to inquiries from Council, and failed to disclose to Council his criminal charges. Council ordered that the licensee be suspended for a period of one year, downgraded the licensee to a Level 1 Salesperson for one year following the suspension, required the licensee to complete courses and assessed investigation costs of \$2,375.

MITIGATING AND AGGRAVATING FACTORS

34. Council considered relevant mitigating and aggravating factors in this matter. Council viewed the Licensee's co-operation throughout the investigation as a mitigating factor. A further mitigating factor considered by Council was that the Licensee had received a one-year prohibition from conducting ICBC Autoplan business, and also had her commissions withheld by the Agency. Council also found that it was slightly mitigating that the Licensee was in an environment where other agents were completing transactions in this manner, which may have contributed to the Licensee's involvement. However, Council found there to be several aggravating factors in this case. The Licensee repeated the misconduct over a period of time rather than this being an isolated event. Council also believes that the Licensee's conduct in becoming a temporary buyer and facilitating one-year Autoplan policies on those vehicles shows the Licensee's flagrant disregard for adhering to ICBC's procedures.

CONCLUSIONS

35. 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.
36. Council concluded that the Licensee's processing of the transactions described above demonstrated an overall lack of trustworthiness and was exploitative of ICBC and its commissions system. Council considered the *Cua* precedent to be the most instructive.

37. Council has determined that it is appropriate to suspend the Licensee's licence for a period of one year and to impose a fine of \$7,500. Further, Council determined that the Licensee's general licence should be downgraded for a period of one year of active licensing following the suspension. Additionally, Council has determined that the Licensee must complete the Council Rules Course as well as an ethics course.

38. 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

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

- a. The Licensee's general insurance licence be suspended for a period of one year, commencing on the date of Council's order;
- b. The Licensee's Level 2 general insurance agent licence be downgraded to a Level 1 general insurance salesperson licence and that Council will not consider an application to upgrade to a Level 2 general insurance agent licence for a period of one year, commencing at the end of the suspension period;
- c. The Licensee be required to complete the following courses, or equivalent courses as acceptable to Council, within 90 days of Council's order and which must be completed prior to the Licensee's licence suspension being lifted:
 - i. the Council Rules Course for general insurance agents, salespersons and adjusters; and
 - ii. the Ethics and the Insurance Professional course, available through the Insurance Institute of Canada(collectively the "Courses");
- d. The Licensee be fined \$7,500, to be paid within 90 days of Council's order and which must be paid in full prior to the Licensee's licence suspension being lifted; and
- e. The Licensee be assessed Council's investigation costs in the amount of \$2,000, to be paid within 90 days of Council's order and which must be paid in full prior to the Licensee's licence suspension being lifted.
- f. A condition be imposed on the Licensee's general insurance licence that failure to pay the fine and investigation costs in full and complete the Courses 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 2027 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.

40. 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

41. 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.

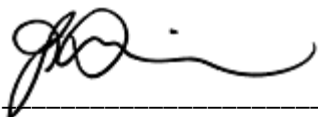
RIGHT TO A HEARING

42. 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.

43. 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 www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf.

Dated in Vancouver, British Columbia, on the **9th day of December 2024**.

For the Insurance Council of British Columbia



Janet Sinclair
Executive Director