

In the Matter of the

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

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
 (“Council”)

and

DAWEI (DAVID) DIAO
(the “Licensee”)

ORDER

As Council made an intended decision on January 28, 2025, 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 February 20, 2025; and

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

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

- 1) The Licensee’s general insurance licence is suspended for a period of 18 months, commencing on March 13, 2025, and ending at midnight on September 12, 2026;
- 2) The Licensee’s general insurance agent licence is downgraded to a Level 1 general insurance salesperson licence, and that Council will not consider an application for a general insurance agent licence for a period of one year, commencing on September 13, 2026 and ending at midnight on September 12, 2027;
- 3) The Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, by June 11, 2025:
 - 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”);

- 4) The Licensee is fined \$10,000, to be paid by June 11, 2025;
- 5) The Licensee is assessed Council's investigation costs in the amount of \$2,375, to be paid by June 11, 2025; and
- 6) A condition is imposed on the Licensee's general insurance licence that the Licensee's general insurance licence suspension will not be lifted 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 March, 2025**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

DAWEI (DAVID) DIAO

(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 was regularly processing one-year Insurance Corporation of British Columbia (“ICBC”) vehicle insurance policies that were then cancelled days later. Additionally, it is alleged that the Licensee altered or falsified information on ICBC forms to indicate vehicles were leased when they were not.
2. On December 12, 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 January 28, 2025, 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 March 8, 2011. The Licensee has been a Level 2 general insurance agent (“Level 2 Agent”) from May 11, 2015, to the present. At all material times, the Licensee had an authorization to

represent (“ATR”) Agency A from November 1, 2017, to December 14, 2020. The Licensee has held an ATR with Agency B from February 16, 2021, to the present.

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 December 16, 2020, Council received a complaint from Agency A’s nominee (the “Nominee”), concerning the conduct of the Licensee. The Nominee alleged that the Licensee altered three ICBC Autoplan documents for vehicles purchased from car dealership A. The altered documents related to the Owner’s Certificate of Insurance and Vehicle Registration (“APV250”) forms. Agency A concluded that the owner information on the three APV250s that were provided by car dealership A, compared to the three APV250s on file at Agency A, had been altered to show that the vehicles were “in-house” leases. The Licensee provided the dealership with the altered APV250s, which were not the original copies on file with Agency A.
8. 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.
9. From the documents received from ICBC, Council noted that between June 27, 2019, and December 1, 2020, the Licensee processed 137 transactions, all involving new or newer luxury vehicles. The Licensee issued one-year insurance policies and then cancelled them within seven days.
10. ICBC conducted an investigation of the Licensee, and on January 27, 2021, ICBC representatives interviewed the Licensee. The Licensee stated that he altered the documents to indicate the vehicles were leased even though the vehicles were paid in full. The Licensee stated that he altered the documents by paying \$18 per month for editing software. The Licensee further stated that he worked with Company TT and Company DA because they referred a large amount of business to him. The Licensee confirmed that he earned commissions from the transactions but stated that he did not receive any additional money or incentives from conducting these transactions.
11. As a result of its internal investigation, ICBC permanently prohibited the Licensee from conducting ICBC Autoplan business and accessing ICBC’s Broker Connect, a prohibition that is eligible for review on or after December 23, 2025.
12. During Council’s investigation, it was noted that in 79 of the 137 short-term transactions involving the Licensee that are considered by this investigation, 31 common policy owners were identified who each purchased between two and five policies within eight months. Additionally, it was noted that the same credit card was used to purchase one-year Autoplan policies for multiple policies. Of the 137

policies in question, the Licensee facilitated the transfer of ownership to Company DA for 92 policies and to Company TT for 35 policies.

13. On May 11, 2021, Council's investigator conducted an interview with the Licensee. The Licensee explained that he altered the documents for the transactions at the request of car dealership A. The Licensee stated, *"Yeah. They ask the lease on the insurance to provide the -- just need to provide a copy of the insurance paper with [car dealership A's] name on the insurance."* The Licensee would provide a copy of the altered document to car dealership A for their records but would submit the original, unaltered document to Agency A.
14. In regard to the transactions, the Licensee stated that the exporter Company TT would contact him and provide him with the vehicle information. The Licensee would then prepare the paperwork, attend the dealership, meet the owner for signatures and provide the licence plates. Occasionally, the Licensee would meet the exporter at the dealership with the client. The client, not the exporter, would sign the paperwork.
15. On February 14, 2022, and December 12, 2022, the Licensee emailed Council's investigator with further information relating to the investigation. The Licensee stated that he had not read the ICBC bulletins relating to TOP dated July 4, 2018, and February 16, 2020. The Licensee stated that he could earn more commissions from his repeat clients. He also said that he did not make any money beyond his commission for conducting these transactions.
16. At the Committee meeting, the Licensee expressed regret for his actions. The Licensee believed that he was building a relationship and partnership with Company TT. The Licensee wanted to grow his business and Company TT was bringing him clients to process transactions. The Licensee explained that he did not realize that what he was doing was illegal and stated that because ICBC was such a large corporation, he did not feel that conducting the transactions in this way was a "big deal". The Licensee further explained that when cancelling the policies, the premiums were usually refunded by cheque because the individuals wanted to collect points on their credit cards. The Licensee explained that he did not involve his agency or management as he kept these transactions to himself. Additionally, the Licensee advised that as a result of these transactions, the Agency terminated his employment and kept \$30,000 in commissions owed to him.

ANALYSIS

17. Council determined that the Licensee repeatedly processed and collected commissions for one-year Autoplan insurance policies when the Licensee knew the transactions were suspicious and were not intended for the purpose of operating a vehicle on a BC highway. The Licensee, by his own admission, was aware that the vehicles were being exported and would not be driven for a one-year period. Council found this to demonstrate that the Licensee made false declarations to ICBC and deliberately misled ICBC as to the intentions of the policyholders when the Licensee processed the Autoplan policies. Additionally, Council was troubled that the Licensee did not make any efforts to read the ICBC bulletins relating to TOP, especially since the Licensee's insurance business was heavily focused

on ICBC policies. The Licensee should have known that issuing the 137 policies was contrary to the procedures and interests of ICBC. Council concluded that the Licensee demonstrated a lack of trustworthiness, good faith and competence and did not act in the best interest of the insurer by processing 137 one-year Autoplan insurance policies that were cancelled within days of being issued.

18. Council was further concerned by the Licensee altering insurance forms and using a paid software application to make these alterations. Creating these falsified documents demonstrates an inability to conduct activities with integrity and honesty.
19. Additionally, given the Licensee's relationship with the exporter, the Licensee placed himself in a conflict of interest where his loyalty and duty to the insurer, ICBC, was or could have been materially affected by his interest in building a partnership with the exporter Company TT, as the exporter's interests were directly contrary to ICBC policies.
20. 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

21. 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.
22. [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.

23. [Ting En \(Brian\) Lin](#) (February 2021) concerned a Level 2 general insurance agent and a life and accident and sickness insurance agent licensee who 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.
24. [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.

MITIGATING AND AGGRAVATING FACTORS

25. 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 prohibition from conducting ICBC Autoplan business and also had his commissions withheld by the Agency. 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, and Council notes that the number of transactions conducted by the Licensee, 137, is very significant. Additionally, Council determined that the Licensee's conduct in altering insurance documents and paying for a monthly software subscription to create falsified documents demonstrates a flagrant disregard for the Licensee's professional obligations. Further, Council found 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. Additionally, the credit card companies were harmed as points were paid out to card holders who received their policy refunds by cheque, rather than as a credit on the credit card, so that points would not be refunded.

CONCLUSIONS

26. 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.

27. 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 but determined that the actions of the Licensee in this instance were more egregious than those in the Cua precedent.

28. Council has determined that it is appropriate to suspend the Licensee's licence for a period of 18 months and to impose a fine of \$10,000. 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.

29. 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

30. 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 18 months, commencing on the date of Council's order;
- b. The Licensee's general insurance agent licence be downgraded to a Level 1 general insurance salesperson licence and that Council will not consider an application for a 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:
 - 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 \$10,000, to be paid within 90 days of Council's order;
- e. The Licensee be assessed Council's investigation costs in the amount of \$2,375, to be paid within 90 days of Council's order; and
- f. A condition be imposed on the Licensee's general insurance licence that the Licensee's general insurance licence suspension will not be lifted 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.

31. 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

32. 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

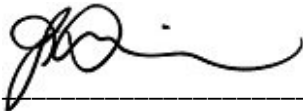
33. If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case in a hearing before Council. **Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee must give notice to Council by delivering 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.**

34. 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 **20th day of February, 2025.**

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