

In the Matter of the

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

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
 (“Council”)

and

JOSHUA JOHN KRENUS
(the “Licensee”)

ORDER

As Council made an intended decision on December 10, 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 February 10, 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 is reprimanded;
- 2) The Licensee is required to complete the following courses, or equivalent courses as acceptable to Council, by June 9, 2025:
 - a. the Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - b. the Insurance Brokers Association of British Columbia’s Errors and Omissions Prevention for New Brokers course;
 - c. the Ethics and the Insurance Professional course, available through the Insurance Institute of Canada; and
 - d. the Nominee Responsibilities and Best Practice course for life and accident and sickness insurance

(collectively, the “Courses”);

- 3) The Licensee is assessed Council's investigation costs of \$1,468.75, to be paid by June 9, 2025;
and
- 4) A condition is imposed on both of the Licensee's insurance licences that failure to complete the Courses and to pay the investigation costs in full by June 9, 2025 will result in the automatic suspension of the Licensee's licences, and the Licensee will not be permitted to complete his 2026 annual licence renewal until such time as he has complied with the conditions listed herein.

This order takes effect on the **11th day of March, 2025**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

JOSHUA JOHN KRENUS

(the “Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee, who was the owner and CEO of Alteri Insurance Brokers Inc. (“the Agency”) at the material time, shared responsibility for an incident that involved a failure to renew a client’s insurance policy, and subsequent efforts to mislead the client about that failure to renew, which included the issuance of falsified documents. The investigation also examined whether the Licensee had breached the restrictions on Level 1 general insurance salesperson (“Level 1 Salesperson”) licences that are established by the Council Rules.
2. On September 12, 2024, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Committee and the Licensee in advance of the meeting. The Licensee was invited to attend the meeting for an interview with the Committee, but chose to provide written submissions in lieu of attending the meeting. Following the meeting, specific questions were sent to the Licensee, and he provided written responses on October 7, 2024. The Committee reviewed the submissions.
3. Having reviewed the investigation materials and discussed the matter at the September 12, 2024, meeting, and having reviewed the Licensee’s October 7, 2024 submissions, the Committee prepared a report for Council that was reviewed by Council at its December 10, 2024, meeting. Council determined that 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 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 has been licensed with Council as a Level 1 Salesperson since April 2019, and has also held a life and accident and sickness (“Life Agent”) licence since February 2016. At the material time, the Licensee was the sole director, major shareholder, and CEO of the Agency; he also had authority to represent the Agency.
6. On December 2, 2021, Council received an email from the strata council of a strata property (the “Strata”), which alleged that Amanprit Singh Ghaug (“Ghaug”), an insurance agent representing the Agency, was not responding to the Strata’s property manager’s (the “Property Manager”) requests to provide proof of insurance coverage. The renewal was to have taken place on April 4, 2021. It was alleged that in September 2021, the Strata had suffered a water damage claim, and the Property Manager was having difficulty opening the claim through the insurer (“Insurer One”) that had provided their previous year’s insurance, although the Agency had stated that the Strata’s policy had been renewed.
7. The Strata submitted that the Property Manager repeatedly asked Ghaug and the Agency for assistance opening a claim, but that they were slow to respond. Ghaug did not return phone calls, and it was not until the Strata threatened to involve the police that Ghaug admitted there was a problem and the Agency agreed to open a claim through their errors and omissions insurance (“E&O”) policy in October 2021.
8. Documents that appear to have been falsified were provided to the Strata by the Agency. The Strata received a document in April 2021 that purported to show insurance coverage in effect from April 4, 2021, to April 4, 2022 (the “Insurer One Document”). Although the document closely resembles declaration pages that would be created by Insurer One, and shows an Insurer One policy number, there are no insurance companies named in the document.
9. On December 6, 2021, the Strata sent Council a document that consists of declaration pages that appear to have been produced by another insurer (“Insurer Two”). This document (the “Insurer Two Document”) was sent to the Strata on December 6, 2021, by the Licensee. The policy number on this document is different from that on the Insurer One Document; the coverage dates, however, are the same, and indicate that coverage is effective from April 4, 2021, to April 4, 2022.
10. On January 17, 2022, Insurer Two provided Council with a copy of the authentic declaration pages. Insurer Two noted that the policy effective date is November 26, 2021, not April 4, 2021, and also noted several inconsistencies in the formatting and information in the Insurer Two Document.
11. Between February 2021 and October 2021, Insurer One made multiple requests for underwriting details concerning the Strata from Ghaug and the Agency.

12. Commencing on June 4, 2021, the Property Manager began asking Ghaug and/or the Agency to provide the policy documentation and invoice in relation to the Insurer One Document. Subsequently, an invoice dated August 10, 2021, in the amount of \$58,591 was sent to the Strata. A renewal payment agreement dated August 18, 2021, which referenced the premium owed, was also provided.
13. On September 8, 2021, Ghaug sent to the Property Manager a financing agreement dated August 18, 2021, on the Agency's letterhead. The agreement stated that the total premium was \$58,591, the initial payment was \$5,059.33, the plan cost was \$2,779.64, and that there were 11 monthly payments of \$5,119.21.
14. On January 28, 2022, Council received a letter from the Property Manager, which indicated that although there had been a miscommunication between all involved, the Agency had taken responsibility and repairs for the water damage claim had been completed, and their relationship remained in good standing.

Investigation of the Licensee

15. The Licensee was investigated by Council to determine if, as the Agency's owner, sole director, and CEO during the material time period, he shared culpability for the failure to renew the Strata's insurance, and the subsequent events.
16. In addition to investigating the Licensee's involvement with the issues relating to the failure to renew the Strata's insurance, the investigation also identified a lack of supervision at the Agency. In particular, the evidence indicated that the Licensee, a Level 1 Salesperson, was conducting, without any meaningful supervision, insurance business that should have been supervised by a level 2 general insurance agent ("Level 2 Agent") or level 3 general insurance agent ("Level 3 Agent").
17. In the course of the investigation, the Licensee submitted to Council staff that the Strata's insurance renewal had been missed due to a data-entry error that resulted from the Agency's broker management system showing the policy as renewed when it was not. The error was not brought to the Agency's attention until July 2021, when the Property Manager emailed the Agency to request policy documentation. Ghaug then reached out to Insurer One to ask it if it was still "okay with their original allotment."
18. According to the Licensee, Ghaug was notified of the loss on August 28, 2021, and Insurer One had not yet confirmed their position at that time. In October 2021, Insurer One confirmed that they were not willing to provide coverage. The Licensee then took action to contact the Agency's E&O provider; the Agency was ultimately able to retain full coverage and terms from Insurer Two, which the Agency paid for with the premiums it had been paid by the Strata.
19. In September 2023, Council staff requested clarification from the Licensee about his involvement with the Agency, the Strata complaint, and the altered declaration pages. In response, the Licensee

described himself as, during the material time, “assist[ing] agents with support on the administrative side so that they could focus on their new and renewal business.” As examples of his role, he cited “providing renewal lists, taking payments, generating leads, and keeping the office running.”

20. Correspondence between the Licensee and Council staff continued through October and November 2023. When asked about the altered insurance documents, the Licensee stated that Ghaug was the agent who gave him those documents but that he was “not aware of the agent or employee who made the alteration to the document(s) in question.” The Licensee also explained that a new nominee has been responsible for the Agency’s insurance activities since November 2023.
21. In November 2023, Colin Brown (“Brown”), who had been the Agency’s nominee during the material time period, explained that he had been the Licensee’s mentor “at the start of Alteri,” but that by the time of the events at issue, the Licensee “was the full administrative leader of a small group.” Brown explained that “Although I still came into the office a couple of times a month for lunch and learns, I was less involved. I also came into the office for various proctoring assignments for advisors writing exams.” Brown confirmed that the failure to renew had happened due to a clerical error and told Council staff that he had “no relationship” with the Agency now.
22. In response to a question about who was responsible for the altered documents, Brown stated that he had discussed the matter with both the Licensee and Ghaug, and both said that they did not know who did it. He had no further knowledge of who created the altered documents.

ANALYSIS

23. Council has concluded that the Licensee shares responsibility for the misconduct that occurred concerning the Strata’s unrenewed insurance and the subsequent events. Although the Licensee was not nominee at the material time, the evidence indicates that he, as director and CEO of the Agency, had been involved in the Agency’s actions regarding the Strata matter, and had been the overall leader at the Agency at the time. The Committee believes that the Licensee’s actions amounted to breaches of Code of Conduct sections 5 (“Competence”) and 13 (“Compliance with Governing Legislation and Council Rules”), as well as of Council Rule 6(1).
24. Council Rule 6(1) places certain restrictions on the licenses of Level 1 Salespersons, including a requirement that “the licensee must only conduct general insurance business under the supervision of a general insurance agent.” Council has concluded that these restrictions were not adhered to by the Licensee, and that Council Rule 6(1) has therefore been breached. Council found that the evidence indicates that instead of having his insurance activities supervised by Brown, or by any other Level 2 Agent or Level 3 Agent, the Licensee was in fact serving as a *de facto* nominee and was making decisions in regards to insurance issues that should not have been handled by a Level 1 Salesperson. Council’s opinion is that there was an overall lack of supervision and oversight at the Agency; although the Licensee was not the nominee, he nevertheless, as leader of the Agency, fostered such an environment and shares responsibility for the state of the Agency at the time.

25. The Licensee's actions relating to the Strata's unexpired insurance amount to a breach of Code of Conduct section 5. Council concluded that the Licensee lacked the experience necessary (in addition to the type of licence required, as discussed above) to make the insurance business decisions that he did. As a result, the situation caused by the mistake of failing to renew the Strata's insurance was worsened – for instance, Ghaug was not well supported in his interactions with the Strata and Property Manager, and there were no systems in place to ensure that adequate and honest responses were provided. The Licensee also demonstrated a lack of understanding of how E&O worked, and what it would pay for, which troubled Council and further indicated a general competency issue.
26. Section 13 of the Code of Conduct states that licensees “must be aware of and comply with [their] duties and obligations under the Act, the *Insurance Act*, the Rules and the Code.” Council has concluded that this section was also breached, as the Licensee was seemingly unaware of the duties and obligations that accompany licensure, or was aware of them but did not treat them seriously.

PRECEDENTS

27. Prior to making its intended decision, Council took into consideration several past decisions of Council in cases that involved a lack of or inadequate supervision. 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 terms of providing a range of sanctions for similar types of misconduct.
28. [Paul Quentin Bullock Spalding](#) (January 2024): concerned a life and accident and sickness insurance agent licensee who was nominee of an agency, as well as the supervisor of another licensee. The other licensee made recommendations to a family to replace their existing life insurance policies, which resulted in new policies that were more expensive than the initial policies and, in Council's opinion, unsuitable for the family's needs. Council found that the licensee had not carried out his supervisory duties competently and adequately. Council found that the licensee was not aware of the insurance business that his supervisees were conducting, and described the licensee as “demonstrat[ing] a casual approach to supervision.” He was fined \$2,500, required to complete the Council Rules Course and nominee course, and assessed investigation costs.
29. [Hyung Jun \(Alex\) Kae](#) (May 2020): concerned a life agent who failed to act as a competent supervisor. The licensee was alleged to have failed to advise Council when new life agents ceased to be supervised by him and failed to report breaches of the Council Rules and Code of Conduct by licensees under his supervision. Council was concerned that after serious competence and trustworthiness concerns were identified with a former licensee who had been supervised by the licensee, he failed to take adequate steps to address or report the complaints. Council found that the licensee demonstrated a casual approach to supervision, focusing on sales at the expense of training and client service. He was fined \$1,000, prohibited from acting as a supervisor for six months, required to complete the Council Rules Course and an ethics course, and assessed investigation costs.

30. [*Ironwood Insurance Agencies Ltd. & Devender Dave Sood*](#) (July 2017): concerned an agency and nominee that permitted a Level 1 Salesperson to engage in activities outside of the office and allowed another licensee, not authorized to represent the agent, to engage in insurance activities on behalf of the agency. The nominee of the agency admitted that he did not afford the situation the appropriate due diligence and incorrectly assumed that Level 1 Salespersons were permitted to work outside the office. Council had difficulty accepting this explanation as the nominee was very experienced and ought to have known better. The agency was fined \$10,000 and the nominee was downgraded from a Level 3 Agent to a Level 2 Agent.
31. [*Mitsuko Ryomoto*](#) (June 2016): concerned a Level 3 Agent who had supervisory duties at an agency. Council determined that there were Level 1 Salespersons at the agency engaging in insurance activities contrary to their licence restrictions. In addition, a Level 1 Salesperson's spouse was engaged in insurance activities for the agency, even though she did not have authority to represent it. Council concluded that the licensee failed to take sufficient steps to ensure that the Level 1 Salespersons were carrying on insurance business in accordance with their licence restrictions. She was fined \$1,000 and required to complete the Council Rules Course and the Duties and Responsibilities of a Level 3 General Insurance Agent course.
32. [*Peter MacDonald Insurance Agencies Ltd., Peter Sutherland MacDonald and Sylvia MacDonald*](#) (February 2015): concerned an agency, its manager and its nominee. The nominee was semi-retired, but was still involved in employee training and major decisions. Council received a complaint that the agency's Level 1 Salespersons were signing binders representing confirmation of insurance. An inspection of 30 files discovered that two files had the agency's Level 1 Salespersons signing the insurance binders; the inspection also revealed that the agency's website suggested that the agency engaged in life and accident and sickness insurance, even though the agency had not held a life agent licence since 1999. The agency also held E&O that did not reach Council's minimum requirement. Council concluded that a lack of proper policies and procedures at the agency, and its informal management system, contributed to the breaches. Council determined that the E&O issue required a fine, and fined the agency \$7,800; it also required that both the nominee and manager complete courses and assessed investigation costs to the agency.
33. [*Hanin Insurance Services Inc.*](#) (January 2014): concerned an agency that employed a Level 1 Salesperson licensee who was alleged to have failed to place adequate coverage for a client, or to have misled the client about the extent of coverage. It was determined that the licensee had been conducting insurance business contrary to the condition that prohibited Level 1 Salespersons from engaging in insurance activities outside the agency office. Current and former nominees for the agency stated that the agency did not have a formal training manual on proper practices and procedures. Council concluded that the licensee was not properly trained or monitored, and that the transgression was due to inadequate supervisory oversight by the agency. Council fined the agency \$5,000 and assessed investigation costs.
34. Council considered the [*Spalding*](#) precedent to be the most helpful, and found that it shared similarities with the present case. Even so, the situation of the Licensee is rather unique, as he was not actually a

nominee at the material time. As such, the penalties that were assessed in the precedent cases are generally stricter than what Council thinks is appropriate in the present case.

MITIGATING AND AGGRAVATING FACTORS

35. Council also considered mitigating and aggravating factors. No notable mitigating factors were identified. Council considered it an aggravating factor that the Licensee demonstrated a casual or even flippant attitude towards the investigation. For example, in communications in the days leading up to the Committee meeting, the Licensee informed Council staff that he did not intend to review the investigation report in advance of the Committee meeting, and displayed an unfamiliarity with the issues that the Committee intended to explore, despite having received the investigation report weeks before.

CONCLUSIONS

36. Council believes it is appropriate to reprimand the Licensee. He was not nominee of the Agency at the time, and if he had been, Council would take stronger disciplinary action. Nevertheless, the Licensee shares a degree of responsibility for the failings of Ghaug and the Agency, and was himself directly breaching the restrictions on Level 1 Salespersons set out in Council Rule 6(1).
37. Council also intends to require the Licensee to complete four courses, which include two courses that the Council administers directly (the Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters; and the Nominee Responsibilities and Best Practice course for life and accident and sickness insurance), as well as the Insurance Brokers Association of British Columbia's Errors and Omissions Prevention for New Brokers course, and the Insurance Institute of Canada's Ethics and the Insurance Professional course.
38. Although the conduct at issue pertained to general insurance business, Council considers it appropriate to require the Licensee to take the life insurance nominee course due to the fact that he is also licensed as a Life Agent.
39. With respect to investigation costs, Council intends to assess these costs 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 of the Act, Council made an intended decision to:
- a) Reprimand the Licensee;
 - b) Require the Licensee to complete the following courses, or equivalent courses as acceptable to Council, within 90 days of Council's order:
 - i. the Insurance Council Rules Course for General Insurance Agents, Salespersons and Adjusters;
 - ii. the Insurance Brokers Association of British Columbia's Errors and Omissions Prevention for New Brokers course;
 - iii. the Ethics and the Insurance Professional course, available through the Insurance Institute of Canada; and
 - iv. the Nominee Responsibilities and Best Practice course for life and accident and sickness insurance;

(Collectively, the "Courses")
 - c) Assess the Licensee Council's investigation costs of \$1,468.75, to be paid within 90 days of the date of Council's order; and
 - d) Impose a condition on both of the Licensee's insurance licences that failure to complete the Courses and to pay the investigation costs in full by their deadlines will result in the automatic suspension of the Licensee's licences, and the Licensee will not be permitted to complete his 2026 annual licence renewal until such time as he 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 <https://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 **10th day of February, 2025**.

For the Insurance Council of British Columbia



Janet Sinclair
Executive Director