

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”)

**DECISION AND ORDER**

**UNDER SECTIONS 231 & 238 OF THE ACT**

Pursuant to sections 231 and 232 of the Act, Council conducted an investigation regarding the matter of whether the Licensee breached Council’s Rules and Council’s Code of Conduct by knowingly participating in a fraudulent scheme with another licensee and/or instructing the other licensee to engage in the scheme; and whether the Licensee intended for an insurance agency, or other persons connected to the insurance agency to benefit from the proceeds of the scheme.

After due investigation of this matter, and based on Council’s written Reasons for Decision after Council’s consideration of the relevant evidence in this matter, Council orders:

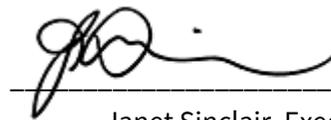
1. That pursuant to section 231(1) of the Act, Council intends to make an order as follows:
  - (a) the Licensee’s General Insurance Salesperson Level 1 licence be cancelled;
  - (b) the Licensee’s Life and Accident and Sickness insurance licence be cancelled;
  - (c) any application by the Licensee for an insurance licence will not be considered for a period of ten years after the date of the order; and

(d) the Licensee will be prohibited, for a period of ten years after the date of the Order, from being an officer, director, partner, or controlling shareholder of any insurance agency licensed by Council.

2. That pursuant to section 238(1) of the Act, Council considers that the length of time required to hold a hearing would be detrimental to the due administration of the Act, and the order will be made effective from the date on which the order is issued.

**TAKE NOTICE** that, pursuant to section 238 of the Act, the Licensee has the right to require a hearing on this order before Council by delivering written notice within 14 days of receipt of this order to Council at Suite 1400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5; alternatively, the Licensee may appeal this order to the Financial Services Tribunal.

Dated in Vancouver, British Columbia, on the **1<sup>st</sup> day of April, 2025.**



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Janet Sinclair, Executive Director  
Insurance Council of British Columbia

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**FINANCIAL INSTITUTIONS ACT**  
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(the “Licensee”)

**REASONS FOR DECISION**

1. These are the Reasons for the Order made by Council pursuant to sections 231(1) and 238(1) of the *Financial Institutions Act* (the “Act”), following an investigation conducted by Council pursuant to section 232 of the Act to determine whether the Licensee breached Council’s Rules and Council’s Code of Conduct. Specifically, the investigation sought to determine whether the Licensee, who controlled Alteri Insurance Brokers Inc. (the “Agency”) at the material time, knowingly participated in a fraudulent scheme with another licensee and/or instructed the other licensee to engage in the scheme; and whether the Licensee intended for the Agency, or other persons connected to the Agency, to benefit from the proceeds of the scheme.
2. Council reviewed the investigation report prepared by Council staff and discussed the matter at its meeting on March 11, 2025. Council determined that the matter should be disposed of in the manner set out below.

**FACTS**

3. The Licensee has held a life and accident and sickness insurance agent licence with Council since February 2016 and a level 1 general insurance salesperson licence since April 2019. Both licences are currently inactive.
4. At the material time, the Licensee was the sole director, controlling shareholder, and President of the Agency, and also had authorization to represent the Agency. The Licensee was the life and accident and sickness insurance nominee for the Agency between August 10, 2017 and July 31, 2018, and again from June 15, 2023 until November 26, 2024.

Initial Report

5. On November 19, 2024, Council received a letter from a law firm representing the Agency, which stated the following:
  - a. A majority equity interest in the Agency had been purchased by a new owner (the “New Majority Owner”), and during the New Majority Owner’s review of the Agency’s records, a series of discrepancies were uncovered with respect to premiums charged to commercial insurance clients by an insurance agent at the Agency, “KM”. This had taken place while KM was under the supervision and oversight of the Licensee.
  - b. The New Majority Owner identified 29 policies involving 15 clients which had been altered by KM to show premiums which were higher than those permitted to be charged by the insurers (the “Manipulated Insurance Documents”). The increased premiums were charged to the insurance clients without any disclosure to either the clients or insurers of the fact that the premiums had been increased.
  - c. Following discovery of the Manipulated Insurance Documents, a number of steps were taken by the New Majority Owner, including:
    - i. removing the Licensee as President and CEO effective November 15, 2024;
    - ii. removing the Licensee as a director of the Agency as of November 24, 2024;
    - iii. ending the Licensee’s Authorizations to Represent the Agency as of November 24, 2024;
    - iv. revising banking arrangements; and
    - v. sending reimbursement to each of the 15 insureds impacted, with reimbursement to all clients totaling “approximately \$70,000”.
6. On December 6, 2024, Council received copies of the Manipulated Insurance Documents, along with copies of correspondence and other relevant records related to the policies.
7. On December 17, 2024, Council’s investigator wrote to the Licensee advising him of the investigation and allegations and giving notice that the matter could be brought to Council for consideration under s. 238 of the Act. The Licensee was invited to respond with any response or evidence relevant to the matter.
8. On December 17, 2024, the Licensee responded to the Council investigator by email, stating that he was “not in insurance anymore”. No other response, explanation or communication was provided by the Licensee or on his behalf with respect to this matter during the investigation.

Altered Policy Documents

9. The documents provided to Council by the Agency included the following:
  - a. the 29 Manipulated Insurance Documents;
  - b. copies of the original (unaltered) insurance documents, where available;
  - c. copies of correspondence related to the policies; and
  - d. proofs of payment related to some of the policies.
10. In each case, the Manipulated Insurance Documents show the manipulated premium amounts on their face, which can be identified in comparison to the original (unaltered) policies or, where applicable, when compared to the notices or quotes from the insurers. The differences between the original and manipulated policy premiums range from \$200 to \$10,000.

Witness Interviews and Evidence

11. On January 13, 2025, KM provided his response to the allegation in writing. Subsequently, on January 29, 2025, KM was interviewed under oath by legal counsel assisting Council with the investigation. According to KM:
  - a. KM's employment as an agent at the Agency commenced in February or March 2020 and ended on September 23, 2024. Throughout his time at the Agency, KM reported directly to the Licensee, including by copying the Licensee regularly on client emails, updating the Licensee about significant policy premium changes, and having the Licensee receive and review KM's monthly sales reports.
  - b. Beginning in or around May 2022, KM began to observe what he believed to be signs of financial trouble at the Agency. This included instances of rent not being paid; internet being shut off; payment notices from insurers; and insurers leaving the Agency because premiums were not being paid by the Agency to the insurers in a timely manner.
  - c. In or around June 2022, a major insurer left the Agency which necessitated finding a new insurer to take on policies for the departing insurer's clients. In the case of one client, KM found a new insurer offering a lower premium than what the client had previously been paying. When KM advised the Licensee about the lower policy premium that he had secured for the client, the Licensee indicated that the lower premium was not "tenable because the business would lose too much money" on lower premiums. The Licensee instructed KM to change the premium amount shown on the policy documents, so that the client would continue to pay the higher premium

that it had previously been paying under the policy, rather than the actual (lower) premium that was being charged by the new insurer.

- d. KM proceeded to modify the policy premium as instructed. He used an electronic document editing program to change the amount appearing on the face of the policy and then sent the manipulated policy to the client. The client paid inflated premium to the Agency, with KM receiving 35% of the proceeds through his regular commission payments, and the Agency keeping the remaining 65%.
  - e. KM felt “threatened” by the Licensee to change the policy premiums and believed that his employment would be terminated if he refused. KM was also facing financial pressures at the time due to recent changes to his salary structure. KM indicated that he ultimately began searching for new employment as a result of the pressure by the Licensee to change insurance documents.
  - f. The same scheme of altering policy premiums to overcharge clients was repeated in the case of each of the other manipulated policies. In each case, KM stated that he was either directed by the Licensee to manipulate the premiums on the policies, or continued to feel pressure to do so. In each case, the client was charged the manipulated premiums and KM received 35% of the proceeds.
  - g. A total of approximately \$70,000 was misappropriated from insurance clients through the fraudulent scheme.
12. Council has not received any evidence from the Licensee that would contradict KM’s evidence, as set out above.
  13. On February 6, February 10, and February 18, 2025, Council’s investigator conducted interviews of four other individuals who were employed at the Agency during the time of the events at issue in this investigation. All four of these interviewees confirmed that the Licensee was the individual in charge at the Agency at the relevant time, and he oversaw the day-to-day business of the Agency. The interviewees confirmed that they had observed insurers leaving the Agency in or around 2022 or 2023. None of the interviewees admitted to being aware of the fraudulent scheme at the time that it was being carried out.

## **ANALYSIS AND DETERMINATION**

14. Based on the evidence before Council in this matter and the analysis that follows, Council determines that:
  - a. between June 2022 and July 2024, the Licensee instructed and participated in a scheme with KM to fraudulently change the premium amounts reflected on the face of the 29 Manipulated Insurance Documents, without permission from the associated insurers, in order to mislead or deceive insurance clients as to the amount of

premiums being charged for their policies;

- b. the Licensee intended for the Agency or other persons connected to the Agency, to benefit from the proceeds of the fraudulent scheme involving the Manipulated Insurance Documents; and
  - c. on that basis, the Licensee has breached section 3 (Trustworthiness), section 4 (Good Faith), section 5 (Competence), section 6 (Financial Reliability), section 7 (Usual Practice: Dealing with Clients), and section 8 (Usual Practice: Dealing with Insurers) of Council's Code of Conduct, and Council's Rules 7(2) and 7(8).
15. The misconduct at issue in this matter is very serious. The fraudulent scheme involved forgery, intentional fraud, and dishonesty towards both clients and insurers. The Licensee used his position of authority at the Agency to direct and facilitate the fraudulent scheme. Further, the misconduct was not an isolated incident. Rather, the scheme was deliberately carried out to target numerous clients over several years. This pattern of ongoing behaviour demonstrates a serious disregard for Council's Code of Conduct and Rules and a serious breach of the duties owed to both clients and insurers.
  16. Despite being invited to do so, and despite having been made aware of the very serious allegations against him, the Licensee did not provide any substantive response for the investigation into this matter.
  17. Overall, the Licensee's misconduct substantially calls into question his trustworthiness and good faith in dealing with clients and insurers as a licensee of Council, as well as his competence and financial reliability. The misconduct raises serious concerns both of public risk as well as public perception and trust in the insurance profession.
  18. Council reviewed prior decisions of Council involving similar acts of misconduct. While Council is not bound by precedent and each matter is decided on its own facts and merits, Council found that the decision in [Ateeya Zaffar Lail aka Ateeya Manzoor and Trifecta Risk Management Solutions, Inc. \(August 2014\)](#) ("Ateeya Zaffar") was particularly helpful in assessing the range of appropriate penalties for similar types of misconduct.
  19. In [Ateeya Zaffar](#), the licensee, who was also the agency owner, was found to have misappropriated more than \$340,000 in funds from three clients by failing to secure coverage for the clients; overcharged clients by misleading them as to premium values; failed to remit premiums to insurers; and obtained a loan under false pretenses. Council ordered that the licensee was permanently prohibited from holding an insurance licence, and from being a director, officer, partner, or controlling shareholder of an insurance licensee. The licensee was also ordered to pay Council's investigative costs of \$5,000.
  20. Council considers the misconduct at issue in the present case to be only marginally less serious than that in the case of [Ateeya Zaffar](#). The present case did not involve the failing to secure insurance coverage or the failing to remit premiums, but otherwise it involved equally serious financial fraud.

Therefore, Council determined that rather than a permanent prohibition as was ordered in [Ateeya Zaffar](#), an appropriate penalty in this case would be a lengthy licencing prohibition and prohibition on the Licensee being in any position of authority at a licenced insurance agency, as well as the levying of the maximum possible fine.

21. Investigation costs should also be assessed to the Licensee. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear investigative costs, so that those costs are not otherwise borne by licensees in general. Council has not identified any reason not to apply this principle in the circumstances.

Intent to Make Order Under section 231(1) of the Act

22. Based on the foregoing, and after having considered the issue of proportionality in the circumstances of this case, Council intends to make an order pursuant to section 231(1) of the Act (the “s. 231 Order”), as follows:
  - (a) the Licensee’s General Insurance Salesperson Level 1 licence be cancelled;
  - (b) the Licensee’s Life and Accident and Sickness insurance licence be cancelled;
  - (c) any application by the Licensee for an insurance licence will not be considered for a period of ten years after the date of the Order;
  - (d) the Licensee will be prohibited, for a period of ten years after the date of the Order, from being an officer, director, partner, or controlling shareholder of any insurance agency licensed by Council;
  - (e) that the licensee be fined in the amount of \$25,000, to be paid within 90 days of the date of the Order; and
  - (f) that the licensee be assessed costs of Council’s investigation in the amount of \$1,062.50, to be paid within 90 days of the date of the Order.

23. With respect to items (a), (b), (c), and (d) of the s. 231 Order, this determination corresponds to the step described at subsection 238(1)(a) of the Act.

Urgency and Order Under section 238(1) of the Act

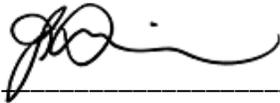
24. After making the s. 231 Order, Council next considered whether clauses (a), (b), (c), and (d) of the s. 231 Order should be made under s. 238(1) of the Act. This requires Council to consider whether the length of time that would be required to hold a hearing would be detrimental to the due administration of the Act, pursuant to subsection 238(1)(b). Therefore, the second step requires Council to consider whether there is urgency that would justify an order under section 238(1) of the Act, that would come into effect immediately upon the issuance of the order to the Licensee.

25. Council is of the view that there is such urgency in this case.
26. In the circumstances of this matter, the length of time that would be required to hold a hearing would be detrimental to the due administration of the Act, having regard to the following:
  - a. The impugned conduct occurred in connection with the Licensee's exercise of control and authority at an insurance agency.
  - b. It is a fundamental requirement of any person who wishes to have the privilege of being licensed by Council to engage in insurance business activities to accept that the person's conduct will be governed by Council and that the person must respect and abide by the rules that govern the conduct of all licensees.
  - c. The "due administration of [the] Act", referenced at subsection 238(1)(b) of the Act, depends upon the honesty and trustworthiness of licensees, and Council cannot presently and going forward, depend on the honesty and trustworthiness of a licensee where it appears that the licensee has engaged in repeated instances of dishonesty or deception directed at insurance clients or insurers. As provided at section 2 of Council's Code of Conduct, "the principle of Trustworthiness is fundamental to all activities of a licensee and each of the principles outlined [in the Code of Conduct]".
  - d. Council can only fulfill its statutory mandate as the professional regulatory body for insurance agents in the public interest, if licensed insurance agents abide by the rules governing their conduct and respect Council's regulatory processes.
27. Given Council's concern that it cannot depend on the honesty and trustworthiness of the Licensee, Council believes that its failure to make an order pursuant to section 238(1) of the Act in the circumstances of this case would result in unacceptable risks to the public interest, and that that would undermine public protection under the Act.
28. While the Licensee's insurance licences are currently inactive, in the absence of an immediate order the Licensee could re-activate his licence(s) and re-engage in insurance business activities, which presents an unacceptable risk to the public. Therefore, the fact that the Licensee's licences are inactive does not mitigate the unacceptable risk to the public if an immediate order is not made.
29. Council considered the serious impact of the order on the Licensee, but is of the view that the adverse impact on the public interest if Council does not make the order outweighs the serious impact that the order will have on the Licensee.
30. Based on the foregoing considerations, Council considers that, with respect to items (a), (b), (c), and (d) of the s. 231 Order, the length of time required to hold a hearing in this matter would be detrimental to the due administration of the Act. Therefore, pursuant to section 238(1) of the Act, items (a), (b), (c), and (d) of the s. 231 Order will be made effective from the date on which the order is issued.

### **EFFECTIVE DATE OF ORDERS**

31. As set out above, items (a), (b), (c), and (d) of the s. 231 Order are made under section 238(1) of the Act and will be made effective from the date on which the order is issued.
32. Items (e) and (f) of the s. 231 Order are made under sections 231, 236 and 241.1 of the Act and therefore, pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take before taking such action. The Licensee may then accept Council's decision or request a formal hearing. Therefore, with respect to items (e) and (f) of the s. 231 Order, these Reasons for Decision operate as written notice of the action Council intends to take against the Licensee. Subject to the Licensee's right to request a hearing before Council pursuant to s. 237 of the Act, items (e) and (f) of the s. 231 Order will come into force after the expiry of the hearing period.

Dated in Vancouver, British Columbia, on the **1<sup>st</sup> day of April, 2025.**



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Janet Sinclair, Executive Director  
Insurance Council of British Columbia