

IN THE MATTER OF the *Insurance Act*, R.S.O. 1990, c.l.8, as amended (the “Act”), in particular sections 441.2 and 441.3;

AND IN THE MATTER OF Hardeep Minhas.

NOTICE OF PROPOSAL TO IMPOSE AN ADMINISTRATIVE PENALTY

TO: Hardeep Minhas

TAKE NOTICE THAT pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), **the Director, Litigation and Enforcement (the “Director”) is proposing to impose an administrative penalty in the amount of \$3,000 on Hardeep Minhas for paying a rebate to an insured or person applying for insurance as an incentive or inducement to purchase, renew or retain an insurance product, contrary to paragraph (v) of subsection 7(1) of the Unfair or Deceptive Acts or Practices rule (the “UDAP Rule”).**

Details of these contraventions and reasons for this proposal are described below. This Notice of Proposal includes allegations that may be considered at a hearing.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTIONS 441.3(2) AND 441.3(5) OF THE ACT. A hearing by the Tribunal about this Notice of Proposal may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
25 Sheppard Avenue West, 7th Floor
Toronto, Ontario
M2N 6S6
Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you, orders will be issued as described in this Notice of Proposal. TAKE FURTHER NOTICE of the payment requirements in section 5 of Ontario Regulation 408/12, which state that the penalized person or entity shall pay the penalty no later than thirty (30) days after the person or entity is given notice of the order imposing the penalty, after the matter is finally determined if a hearing is requested or such longer time as may be specified in the order.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at 416-590-7294, or toll free at 1-800-668-0128 extension 7294.

At a hearing, your character, conduct and/or competence may be in issue. You may be furnished with further and or other particulars, including further or other grounds, to support this proposal.

REASONS FOR PROPOSAL

I. INTRODUCTION

1. These are reasons for the proposal by the Director to impose an administrative penalty in the amount of \$3,000 on Hardeep Minhas (“Minhas”).

II. BACKGROUND

(a) Parties

2. Minhas is licensed as a Life Insurance and A&S Insurance Agent (licence #17163861) under the Act. He has been licensed since December 21, 2017.
3. “VS” is Minhas’ wife. VS was previously licensed as a Life Insurance and A&S Insurance Agent under the Act.
4. During the relevant time, Minhas and VS were contracted with World Financial Group Insurance Agency of Canada Inc. (“WFGIA”).
5. “GS” and “VK” are a married couple residing in Ontario.

(b) Rebating of Premiums

6. In 2023 and 2024, Minhas and VS sold a series of insurance policies to GS and VK (the “Policies”):

Date of Issue	Insured	Agent	Annual Premium
August 17, 2023	VK	Minhas	\$436.08
August 22, 2023	GS	Minhas	\$502.50
October 10, 2023	GS	VS	\$223.02
October 22, 2023	VK	VS	\$144.09
October 28, 2023	GS	VS	\$875.00
February 5, 2024	VK	VS	\$808.00

7. GS and VK agreed that they would make the premium payments in respect of the initial policies that they purchased.
8. However, Minhas subsequently told GS and VK that if they purchased additional policies, he would reimburse them for the premiums.
9. GS and VK agreed and purchased the additional policies.

10. Minhas subsequently made a series of payments rebating premiums in respect of the Policies, including:
 - On February 5, 2024, GS sent a text message to Minhas and requested three amounts: \$144.09, \$350.00 and \$223.02. On the same day, Minhas e-transferred a partial amount to GS and promised to send the rest before February 8, 2024.
 - On March 11, 2024, GS sent a text message to Minhas and requested \$224.00 for the “2nd policy premium.” Minhas e-transferred this amount to GS on March 14, 2024.
11. Minhas subsequently stopped responding to GS’ communication attempts and stopped making premium payments in respect of the Policies.
12. Three of the Policies were ultimately terminated, and one was rejected.
13. After chargebacks, Minhas received a net total of \$1,730.69 in commissions for selling the Policies. VS received no commissions after chargebacks.
14. After learning of the premium rebating, WFGIA terminated Minhas and VS. ivari submitted a Life Agent Market Report to FSRA.

III. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

15. Section 439 of the Act states that no person shall engage in any unfair or deceptive act or practice. Section 438 of the Act defines “unfair or deceptive act or practice” as any activity or failure to act that is prescribed by the Authority rules as an unfair or deceptive act or practice.
16. Subsection 2(1) and paragraph (v) of subsection 7(1) of the UDAP Rule provide that it is an unfair or deceptive act or practice under section 439 of the Act to make a payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly, to an insured or person applying for insurance, as an incentive or inducement to purchase, renew or retain an insurance product, which provides coverages within the classes of life or accident and sickness insurance.
17. The Director is satisfied that Minhas contravened paragraph (v) of subsection 7(1) of the UDAP Rule by rebating premiums to GS and VK in respect of the Policies.

IV. GROUNDS FOR IMPOSING AN ADMINISTRATIVE PENALTY

18. The Director is satisfied that imposing an administrative penalty on Minhas under section 441.3(1) of the Act will satisfy one or both of the following purposes under section 441.2(1) of the Act:
 1. To promote compliance with the requirements established under the Act.
 2. To prevent a person from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with a requirement established under this Act.
19. The Director is satisfied that an administrative penalty in the amount of \$3,000 should be imposed on Minhas for rebating premiums contrary to paragraph (v) of subsection 7(1) of the UDAP Rule.
20. In determining the amount of the administrative penalty, the Director has considered the following criteria as required by section 4(2) of Ontario Regulation 408/12:
 1. The degree to which the contravention or failure was intentional, reckless or negligent.
 2. The extent of the harm or potential harm to others resulting from the contravention or failure.
 3. The extent to which the person or entity tried to mitigate any loss or take other remedial action.
 4. The extent to which the person or entity derived or reasonably might have expected to derive, directly or indirectly, any economic benefit from the contravention or failure.
 5. Any other contraventions or failures to comply with a requirement established under the Act or with any other financial services legislation of Ontario or of any jurisdiction during the preceding five years by the person or entity.
21. In respect of the **first criterion**, the Director is satisfied that Minhas' contravention was intentional. Minhas entered into an agreement with VK and GS prior to their purchase of some of the Policies that he would rebate them for the premiums, and he did so.
22. In respect of the **second criterion**, there was significant harm to VK and GS, who signed up for insurance that they may have been unable to afford

and resulted in policy termination. This could affect these consumers' ability to obtain insurance policies in the future. Furthermore, Minhas' misconduct has the potential to harm public confidence in the regulatory regime established by the Act and its regulations.

23. In respect of the **third criterion**, the Director is unaware of any efforts by Minhas to take any remedial action.
24. In respect of the **fourth criterion**, Minhas received commissions in the amount of \$1,730.69 as a result of selling the Policies. Selling the Policies also benefited his and VS careers.
25. In respect of the **fifth criterion**, the Director is unaware of any further contraventions or failures to comply with a requirement under the Act or with any other financial services legislation in Ontario or of any jurisdiction during the preceding five years by Minhas.
26. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario,

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer