

## **INTENDED DECISION**

of the

### **INSURANCE COUNCIL OF BRITISH COLUMBIA** (“Council”)

**respecting**

### **RUPINDER KAUR BHATHAL** (the “Former Licensee”)

#### **INTRODUCTION**

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Former Licensee acted in compliance with the requirements of the Act.

An investigation report was provided to the Former Licensee and reviewed by Council at its April 15, 2014 meeting, along with additional written submissions provided by the Former Licensee in response to the investigation report. At the conclusion of its meeting, Council determined the matter should be disposed of in the manner set out below.

#### **PROCESS**

Pursuant to section 237 of the Act, Council must provide written notice to the Former Licensee of the action it intends to take under section 231 of the Act before taking any such action. The Former 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 Former Licensee.

#### **FACTS**

The Former Licensee was licensed as a life and accident and sickness insurance agent (“life agent”) in June 2005, and has been the life agent nominee of Bhathal Financial Services Inc. (the “Agency”) since its inception in November 2011.

The Former Licensee’s errors and omissions (“E&O”) insurance, which also covered the Agency, was terminated effective February 14, 2014. The licences of the Former Licensee and the Agency were terminated, effective April 16, 2014, for failing to have E&O insurance as per Council Rule 7(11).

### **The Former Licensee's Admissions**

The Former Licensee attended an interview at Council's office on March 10, 2014, with her attorney. The Former Licensee stated she had a total of 500 to 550 clients. The Former Licensee stated she lost a large bulk of her insurance business in June 2012, and was going through personal issues. The Former Licensee stated that in early 2013, she began thinking of ways to generate more insurance business which would result in additional commissions for the Agency.

### **Unauthorized Withdrawals**

In February/March 2013, the Former Licensee was approached by a client to obtain a life insurance policy. When she submitted the policy application to the insurer, the Former Licensee said the client would not pay the premium because it was too high. Unbeknownst to the client, the Former Licensee redeemed funds from two different Registered Education Savings Plan accounts the client held with an insurer, in order to pay the insurance premiums.

The Former Licensee also acknowledged that she used clients' bank accounts to fund insurance premiums on other clients' policies. In particular, the Former Licensee provided an insurer with the bank account information from a corporate account belonging to one of her clients (the "Client"), to fund premium payments for six different customers on applications submitted between March 2013 and June 2013. The Former Licensee stated she thought the Client would not notice the unauthorized debits from his corporate account.

In doing so, the Former Licensee told the six clients that she would pay for their insurance premiums during the underwriting period, and then they would have to take over the payments if the application for insurance was accepted. In terms of these six clients, the Former Licensee stated the applications for insurance were legitimate; in so far as the clients did want the insurance. Three of the six policies were subsequently denied by the insurer due to missing medical information. The other three policies are still being reviewed for inconsistencies with premium payments.

In total, approximately \$8,200.00 in unauthorized withdrawals from the Client's corporate account occurred. The Former Licensee has also admitted that she had executed a similar scheme involving four additional clients.

### **Unauthorized Insurance Policy Applications**

Around July 2013, the Former Licensee met with five different clients, on five separate occasions, all of whom were seeking to obtain term insurance. Instead, the Former Licensee submitted applications for a permanent insurance plan for greater amounts than the five clients requested, in order to generate greater commissions. The five clients were unaware the Former Licensee applied for policy terms contrary to their directions. According to the Former Licensee, the clients never noticed the higher premiums. The Former Licensee also confirmed that there were another three clients with whom she had done the same thing.

### **Additional Admissions**

The Former Licensee subsequently admitted that she did two additional policy fund transfers to finance insurance premiums; changed three additional insurance applications from term insurance to permanent insurance without the clients' knowledge or consent; and, submitted three insurance policy applications without the clients' knowledge or consent. The Former Licensee admitted that, in doing so, she forged the clients' signatures on the insurance applications.

### **ANALYSIS**

Council found the Former Licensee's actions demonstrated that she is no longer trustworthy, competent, or able to carry on the business of insurance in good faith and in accordance with the usual practice, making her unsuitable to hold an insurance licence.

By her own admission, the Former Licensee misused clients' funds to pay for their own premiums without their knowledge, and to pay for premiums of other clients. The Former Licensee admitted to forging a client's signature on more than one occasion, and processed insurance applications contrary to clients' instructions and without their consent.

Council determined that the Former Licensee was motivated by personal financial gain and caused harm to her clients. In addition, the Former Licensee acted in an untrustworthy manner with respect to the insurer.

Council determined that in light of the Former Licensee's serious misconduct, she is unsuitable to hold an insurance licence for a minimum period of five years.

### **INTENDED DECISION**

Pursuant to section 231 of the Act, Council made an intended decision that the Former Licensee is unsuitable to hold an insurance licence. In reaching its determination, Council concluded it would not be prepared to consider an application from the Former Licensee for a minimum period of five years.

Intended Decision  
Rupinder Kaur Bhathal  
163671-11576  
May 8, 2014  
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The intended decision will take effect on **May 27, 2014**, subject to the Former Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

#### **RIGHT TO A HEARING**

If the Former Licensee wishes to dispute Council's findings or its intended decision, the Former Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Former Licensee must give notice to Council by delivering to its office written notice of this intention by **May 26, 2014**. 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 Former Licensee does not request a hearing by **May 26, 2014**, the intended decision of Council will take effect.

Even if this decision is accepted by the Former Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 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.fst.gov.bc.ca](http://www.fst.gov.bc.ca) or contact them directly at:

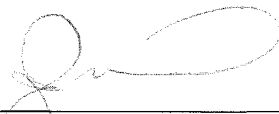
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Dated in Vancouver, British Columbia, on the **8<sup>th</sup> day of May, 2014**.

For the Insurance Council of British Columbia

  
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Gerald D. Matier  
Executive Director

GM/tp