In the Matter of

The *FINANCIAL INSTITUTIONS ACT*
(the "Act")
(RSBC 1996, c.141)

and

THE INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

and

SUREWAY INSURANCE SERVICES LTD.
(the "Agency")

ORDER

As Council made an intended decision on January 13, 2009, under sections 231, 236 and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Agency with written reasons and notice of the intended decision dated February 17, 2009; and

As the Agency has not requested a hearing of Council's intended decision within the time provided to request a hearing;

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

1. a condition is placed on the Agency's licence which states: unless otherwise approved by Council, the Agency and all of its licensed agents and salespersons are prohibited from paying a finders fee, a commission, or any other form of compensation, to anyone for referring a customer to the Agency or one of its licensees, as contemplated by section 4(b) of the Marketing of Financial Products Regulation (B.C. Reg. 573/2004);

2. the Agency pay the costs of Council's investigation into this matter assessed at $2,587.50.

This order takes effect **March 17, 2009**.

Ken Hawley, BComm FLMI CFP CLU ChFC
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

respecting

GRACE TIN-LAN SZETO
(the "Nominee")

and

SUREWAY INSURANCE SERVICES LTD.
(the "Agency")

INTRODUCTION

Pursuant to section 232 of the *Financial Institutions Act* (the "Act"), Council conducted an investigation to determine whether there had been compliance by the Nominee with the requirements of the Act.

As part of Council's investigation, on December 15, 2008, an Investigative Review Committee (the "Committee") met with the Nominee to discuss the allegation that the Nominee accepted referrals from third parties in exchange for a referral fee without disclosing said fee to the clients, contrary to section 4 of the Marketing of Financial Products Regulation.

The Committee is comprised of one voting and two non-voting members of Council, all of whom have significant experience in the insurance business. Prior to the Committee's meeting with the Nominee, an investigation report had been distributed to the Committee and the Nominee for review. A discussion of this report took place at the meeting and the Nominee was provided an opportunity to clarify the information contained therein and make further submissions. Having reviewed the investigation materials and after discussing this matter with the Nominee, the Committee made a recommendation to Council as to the manner in which this matter should be disposed.

A report setting out the Committee's findings and recommended disposition, along with the aforementioned investigation report, was presented to Council at its January 13, 2009 meeting. At the conclusion of its meeting, Council accepted the Committee's recommended disposition and determined that the matter should be disposed of in the manner set out below.

INTENDED DECISION PROCESS

Pursuant to section 237 of the Act, Council must provide written notice to the Nominee of the action it intends to take under sections 231, 236 and/or 241.1 of the Act before taking any such action. The Nominee may then accept Council's decision or request a formal hearing. This intended decision operates as a written notice of the action Council intends to take against the Nominee.

FACTS

Based on the information contained in the Committee's report, Council made the following findings of fact:

Licensing History

1. the Nominee was first licensed on October 24, 1984 as a Level 1 General Insurance Salesperson;
2. the Nominee obtained a General Insurance Agent Nominee licence on November 27, 1997;
3. the Nominee is currently the nominee for the Agency;
4. the Agency has not been the subject of previous Council discipline;
5. in 1994, Council restricted the Nominee (at that time a Level 1 General Insurance Salesperson) to personal lines insurance after she was found to have misunderstood the complexities of a commercial policy. Council also fined the Nominee for breach of a condition of her licence not to sign policies on behalf of an insurer;

Non-Disclosure of Referral Fees to Unlicensed Agents

6. the Nominee admitted to taking referrals from Xia "Jenny" Liang, a former licensee, (the "Former Licensee"), and two other life insurance agents, Xia Jang Chong ("Chong") and Ru Hong Zhang ("Zhang"), in exchange for referral fees;
7. the referral fees were accurately recorded in the Agency ledgers;
8. upon receipt of a referral, the Nominee or Bonita Chan ("Chan"), a former licensed employee of the Agency, would complete any insurance applications or associated paperwork for a transaction;
9. the referring party was paid 50% of the commission on a policy for every year that the policy remained effective;

10. the Nominee also reciprocated by providing Chong and Zhang with life insurance business referrals;

11. Chong met the Nominee six years ago when he attended the Agency to purchase automobile insurance coverage. He believed his life insurance clients would benefit from the general insurance services offered by the Agency in both Mandarin and Cantonese;

12. Chong submitted that he has no knowledge of general insurance and would not be able to assist a client in making an informed insurance decision;

13. Zhang met the Nominee seven years ago when she attended the Agency to obtain automobile insurance. She has been providing the Nominee with referrals for the last four years;

14. Zhang submitted that she has very limited knowledge of general insurance and does not discuss it with her clients;

15. the Nominee indicated that she is aware that the third party must not discuss coverage or particular types of insurance policies and premiums with a potential client as it would constitute "unlicensed insurance activity";

16. the Nominee insisted that the referring individual's only activity in a referral was to provide the name and contact information of the prospective client;

17. the Nominee acknowledged that the Former Licensee occasionally delivered licence plates and decals to clients after agency staff had completed the insurance transaction because of a pre-existing personal relationship the Former Licensee had with the prospective clients;

18. Chong submitted that he verbally advises most of the clients that he will receive some form of monetary compensation for introducing them to the Nominee;

19. Zhang submitted that she did not discuss the referral fee with most of her clients but assumed they knew she would receive some sort of compensation for the service;

20. the Nominee submitted that she did not explicitly advise her clients about a referral fee in every instance. She admitted that it was not her usual practice. The Nominee added that she was dealing with clients from the Asian community, where it was common knowledge that referral fees were paid for this type of transaction and service;

21. the Agency did not provide clients with written disclosure of referral fees prior to Council's investigation, but have since implemented such a form;

Referrals from the Former Licensee

22. the Nominee accepted referrals from the Former Licensee at a time when the Former Licensee was under investigation by Council. The investigation related to the Former Licensee's role in a 'car curbing' scheme whereby damaged, used, or salvaged vehicles were repaired and their odometers manipulated to reflect less mileage and increase the re-sale value;

23. the Nominee submitted that she only learned of the 'car curbing' allegations upon review of the attached investigative report; when asked if she understood what 'car curbing' entailed, the Nominee reiterated the brief description provided in the attached investigative report;

24. the Nominee did not know whether her clients were aware that the Former Licensee was unlicensed. She did not provide them with notice of this information;

25. the Nominee and Former Licensee first met when the Former Licensee attended the Agency as a customer;

26. at that time, the Former Licensee worked at a nearby auto repair shop. She asked the Nominee if she would provide her with a referral fee if she referred customers from the auto repair shop to the Nominee. The Nominee told the Former Licensee that she would be open to such an arrangement;

27. thereafter, the Former Licensee obtained a Level 1 General Insurance Salesperson licence at Special Risk Insurance Brokers Limited (dba) Roswell Insurance Services ("Special Risk") on June 21, 2004;

28. on May 19, 2005, the Former Licensee obtained a Life Insurance Agent's licence;

29. the Former Licensee's Level 1 General Insurance Salesperson's licence was terminated on October 13, 2005. In or around that time, the Former Licensee applied to transfer her licence to the Agency. The application was denied due to Council's ongoing investigation;

30. the Nominee submitted that her understanding of the delay in approval of the Former Licensee's application to transfer her licence was related to issues pertaining to Special Risk;

31. by letter dated June 15, 2007, the Nominee's husband and President of the Agency, Mr. Frank Szeto, advised the Former Licensee not to engage in insurance activity until her licence is approved by Council. He further advised that in the event that the Former Licensee's licence is not approved, the Agency will "stop your title of Sales Representative of Sureway Insurance Services Ltd." Mr. Szeto asked the Former Licensee to return all of her business cards to the Agency;

32. the Committee asked the Nominee when she learned that the Former Licensee was unlicensed and suggested it had to have been at some point prior to the June 15, 2007 letter;

33. the Nominee conceded that it was prior to the June 15, 2007 letter, but could not pin point exactly when. A brief review of Council's records indicated that the Nominee had received notice of the Former Licensee's licence termination in April, 2006;

34. approximately fifteen months had passed before the Agency addressed the Former Licensee and formally requested that she return all of her business cards, and 'stop' using the title of Sales Representative of Sureway Insurance Services Ltd.;

35. the Nominee submitted that the request for the Former Licensee to return her business cards was misleading. The Nominee submitted that she had retained the business cards at the office and that the letter was a precautionary measure in the event the Former Licensee had taken some from the office;

36. the Nominee indicated that the business cards had been ordered and the title of 'Sales Representative of Sureway Insurance Services Ltd.' assigned in preparation for the Licensee to begin work at the Agency once her licence had been transferred. As Council did not ultimately approve the transfer, the Former Licensee never began employment at the agency. The Nominee further stated that to her knowledge, the Former Licensee had not engaged in any insurance business beyond providing referrals;

37. the Committee was concerned that significant volume of referrals made by the Former Licensee suggested the possibility that the Former Licensee had engaged in solicitation of insurance business while unlicensed;

38. the Nominee advised the Committee that she had not taken any precautionary measures to ensure the Former Licensee, Chong, and Zhang, had not engaged in unlicensed insurance activity;

39. the Nominee understood that the Former Licensee was unlicensed and under investigation when she accepted referrals from her. However, she maintains that she did not believe the Former Licensee was engaging in unlicensed insurance activity;

40. by letter dated March 8, 2008, the Nominee advised the Former Licensee that she was not to engage in insurance activity until her licence had been 're-approved' by Council and enclosed a copy of the Agency's Disclosure Notice for the Former Licensee's records;

41. the Former Licensee's Life Agent licence was terminated on March 18, 2008;

42. the Nominee submitted that when she sent the March 8, 2008 letter to the Former Licensee, she believed the Former Licensee was sorting out her life insurance licence and resolving matters with Council; she maintains that it was her understanding that Council's investigation related to the Former Licensee's husband and his alleged illegal activity;

43. Council's investigation did not establish that the Former Licensee, Chong, or Zhang, had acted as insurance agents in any of the referral transactions. During a pretext call made by Council staff, the Former Licensee provided only general information in response to insurance questions and suggested the caller contact the Agency if they wished to proceed. When advised the caller did not live near the Agency, the Former Licensee suggested she visit an Autoplan agency that was more convenient for her.

ISSUES

Council identified the following issues:

a) Does the evidence show that the Nominee failed to act in good faith, in a competent and trustworthy manner and in accordance with the usual practice of the business of insurance in this matter by:

   i. failing to disclose to clients that a referral fee had been paid to a third party?
   ii. in any other manner?

b) Is disciplinary or other action warranted in the circumstances?

LEGISLATION

Section 178 of the Act
Part 6 – Regulation of Other Persons
Division 2 – Insurance Agents and Adjusters

Payment of commission to unlicensed agents prohibited

(1) An insurer, officer, agent or employee of an insurer, insurance agent or insurance salesperson must not

(a) pay or allow to be paid, or

(b) offer or promise

a commission or compensation to a person who is not an insurance agent licensee, or insurance salesperson licensee for acting as an insurance agent or insurance salesperson in British Columbia.

(2) An insurance agent licensee may pay a fee or a portion of a commission to another insurance agent licensee in respect of business referred to that licensee.

(3) Despite subsection (1), an insurer, officer, agent or employee of an insurer, insurance agent or insurance salesperson may

(a) pay or allow to be paid, or

(b) offer or promise

a commission or compensation to a trust company, credit union, extraprovincial trust corporation, extraprovincial credit union or bank, or the officers and employees of any of them, for acting as agent in respect of credit insurance incidental to the ordinary business of the trust company, credit union, extraprovincial trust corporation, extraprovincial credit union or bank.

Section 2 of the Contravention of Prescribed Provisions Regulation

Insurance Council authority to suspend, cancel, restrict licences and impose fines

For the purpose of section 231(1)(e.1) of the Act, sections 2, 3 and 4 of the Marketing of Financial Products Regulation are prescribed provisions of the regulation.

Section 4 of the Marketing of Financial Products Regulation

Disclosure by insurance licensees

It is a condition of every licence issued to an insurance agent that

(b) if

(i) a customer purchasing a service or product is referred to a licensee by another person who is not an insurance agent, and

(ii) the licensee pays commission or compensation to the other person for referring the customer to the licensee,

the licensee, before arranging the transaction, disclose to the customer that commission or compensation has been paid to the other person for the referral.

Section 231 of the Act
Part 7 – Administration of the Regulation of Financial Institutions
Division 2 – Insurance Council of British Columbia

Council may suspend, cancel or restrict licences and impose fines

(1) If, after due investigation, the council determines that the licensee or former licensee or any officer, director, employee, controlling shareholder, partner or nominee of the licensee or former licensee

(a) no longer meets a licensing requirement established by a rule made by the council or did not meet that requirement at the time the licence was issued, or at a later time,

(b) has breached or is in breach of a term, condition or restriction of the licence of the licensee,

(c) has made a material misstatement in the application for the licence of the licensee or in reply to an inquiry addressed under this Act to the licensee,

(d) has refused or neglected to make a prompt reply to an inquiry addressed to the licensee under this Act,

(e) has contravened section 79, 94 or 177, or

(e.1) has contravened a prescribed provision of the regulations,

then the council by order may do one or more of the following:

(f) reprimand the licensee or former licensee;

(g) suspend or cancel the licence of the licensee;

(h) attach conditions to the licence of the licensee or amend any conditions attached to the licence;

(i) in appropriate circumstances, amend the licence of the licensee by deleting the name of a nominee;

(j) require the licensee or former licensee to cease any specified activity related to the conduct of insurance business or to carry out any specified activity related to the conduct of insurance business;

(k) in respect of conduct described in paragraph (a), (b), (c), (d), (e), or (e.1), fine the licensee or former licensee an amount

(i) not more than $20,000 in the case of a corporation, or

(ii) not more than $10,000 in the case of an individual.

Section 236 of the Act
Part 7 – Administration of the Regulation of Financial Institutions
Division 3 – Hearings and Appeals

Power to impose conditions

(1) The commission, superintendent or council, depending on which of them has the power to make the order, give the consent or issue the business authorization, permit or licence may

(a) impose conditions that the person considers necessary or desirable in respect of

(i) an order referred to in section 235(1),

(ii) a consent referred to in section 235(2),

(iii) a business authorization,

(iv) a permit issued under section 187(1), or

(v) a licence issued under Division 2 of Part 6, and

(b) remove or vary the conditions by own motion or on the application of a person affected by the order or consent, or of the holder of the business authorization, permit or licence.

(2) A condition imposed under subsection (1) is conclusively deemed to be part of the order, consent, business authorization, permit or licence in respect of which it is imposed, whether contained in or attached to it or contained in a separate document.

(3) Except
(a) on the written application or with the written permission of the holder, or
(b) in the circumstances described in section 164, 231 or 249(1),
a power of the commission, superintendent or council under this Act to impose or vary conditions in respect of
(c) a business authorization is exercisable only on or before its issue date, or
(d) a permit under section 187(1) or a licence under Division 2 of Part 6 is exercisable only on or before its issue date with effect on and after that date.

Section 241.1 of the Act
Part 7 – Administration of the Regulation of Financial Institutions
Division 2 – Insurance Council of British Columbia

Assessment of Costs

(1) If an order results from an investigation or hearing, the commission, the superintendent or the council may by order require the financial institution, licensee, former licensee or other person subject to the order to pay the costs, or part of the costs, or either or both of the following in accordance with the regulations:
(a) an investigation;
(b) a hearing.

(2) Costs assessed under subsection (1)
(a) must no exceed the actual costs incurred by the commission, superintendent or council for the investigation and hearing, and
(b) may include the costs of remuneration for employees, officers or agents of the commission, superintendent or council who are engaged in the investigation or hearing.

(3) If a person fails to pay costs as ordered by the date specified in the order or by the date specified in the order made on appeal, if any, whichever is later, the commission, superintendent or council, as the case may be, may file with the court a certified copy of the order assessing the costs and, on being filed, the order has the same force and effect and all proceedings may be taken on the order as if it were a judgment of the court.

Council Policy

Referral Fees

Unlicensed Third Party: Referral fees may be paid to an unlicensed person. However, both the person paying the referral fee and the person being paid must meet certain requirements. When making a referral, an unlicensed person can direct a client to a licensed agent or, at the direction of the client, provide the client's name to a licensed agent. Before paying a referral fee, certain conditions must be met:

Licensees must be satisfied that the person they are paying the referral fee to, did not engage in any insurance activities with the client. Insurance activities include discussing the merits of a particular insurance product or the client's insurance needs; and

Note: If the person being paid the referral fee is licensed with Council, but not in the category of insurance that relates to the referral fee, then that person should be considered unlicensed for the purposes of the referral fee. As an example, where a general insurance agent refers a client to a life insurance agent, the general insurance agent is considered to be an unlicensed person.

ANALYSIS

The Committee and the Nominee agreed that these facts constituted a breach of section 231 of the Act, in that the Nominee failed to act in a competent manner and in accordance with the usual practice of the business of insurance. In particular, the Nominee failed to disclose to clients that referral fees had been paid to third parties and to satisfy herself that the third parties had not acted as insurance agents or salespersons in the transaction.
Licensees are permitted to accept referrals from unlicensed persons in exchange for a fee subject to certain requirements. First, the licensee accepting the referral must be satisfied that the person to whom they are paying the referral fee, did not engage in any insurance activities with the client. Insurance activities include discussing the merits of a particular insurance product or the client's insurance needs. Once satisfied the third party did not act as an insurance agent, disclosure must be provided to the client stating that the person is being compensated for the referral. The disclosure should be in writing and must be made before arranging an insurance transaction. If the person being paid the referral fee is licensed with Council, but not in the category of insurance that relates to the referral fee, then that person is considered unlicensed for the purposes of the referral fee.

One of the standards by which an agent's conduct is measured is competence. Council's Code of Conduct stipulates that competent conduct is characterized by the application of knowledge and skill in a manner consistent with the usual practice of the business of insurance in the circumstances. In addition, nominees are responsible for employees of the agency and must ensure they are properly supervised and operate in accordance with the conditions and restrictions on their licences.

In consideration of Council's abovementioned policies and principles set out in Council's Code of Conduct, it was the Nominee's responsibility to: satisfy herself that the Former Licensee, Zhang, and Chong, were not engaging in unlicensed insurance business; and to provide her clients with disclosure of the referral fee before arranging an insurance transaction on their behalf. Based on the evidence and the Nominee's oral submissions at the December 15, 2008 meeting with the Committee, Council concluded that the Nominee had failed to fulfill her responsibility as Nominee on both accounts.

The Nominee did not take adequate steps to inform herself with certainty that the parties to whom she paid referral fees had not engaged in any insurance activities with the client. Council considered the Nominee's conduct with respect to Chong and Zhang as distinct from her dealings with the Former Licensee. Notwithstanding the lack of evidence indicating that the Nominee adopted verification procedures with respect to Chong and Zhang, Council accepted that the two life agents did little more than relay names and contact information to the Nominee. Council was more concerned about the absence of evidence to establish proper procedural safeguards against unlicensed insurance activity with respect to the Former Licensee. Council was of the view that the Nominee ought to have applied even greater scrutiny with regard to the Former Licensee's activities and licensing status . The Former Licensee was under investigation for misconduct and unlicensed for much of the time the Nominee accepted referrals on her behalf. Though the Nominee submitted that she wasn't apprised of the details of the allegations, she was aware of the fact that Council had concerns surrounding the Former Licensee engaging in insurance activity. The risk to the public was therefore more pronounced in the Former Licensee's case.

Council also noted that the Former Licensee had provided a considerable volume of referrals and received the commensurate financial reward for each one. Council did not conclude that any of the three referring parties had actively solicited insurance business while unlicensed, but felt the possibility could not be dismissed.

In the *Julan Lo and Admiral Insurance Services* decision, the nominee and agency permitted an unlicensed person to act as an insurance agent on behalf of the agency and paid compensation to him contrary to the Act. The agency had an arrangement whereby the unlicensed person would be paid a finder fee for referring business to the agency. The unlicensed person in this case had gone beyond providing a referral to the point where he acted as an insurance agent. Insurance agent is defined in Section 168 of the Act as a "person…who solicits, obtains or takes an application for insurance or negotiates for or procures insurance, or signs or delivers a policy, or collects or receives a premium." Council ordered that the nominee and agency be reprimanded and assessed the costs of the investigation against the agency. Council found that the nominee and agency had not knowingly permitted the unlicensed insurance activity and determined that it had been an isolated occurrence which deviated from their normal business practice.

In *Financial Institutions Commission and Insurance Council of British Columbia and Branislav Novko* ("Novko Appeal"), Mr. Novko falsely witnessed signatures on five application forms he received from a former life insurance agent, and remitted the transactional documentation to insurers for placement of coverage under his agent contract. He had failed to conduct sufficient, or in some cases, any due diligence respecting the unlicensed insurance salesperson and with respect to the insurance needs of the applicants. On appeal, the Financial Services Tribunal assessed the following penalty against Mr. Novko: a sixty day suspension of his licence; a fine of $1,000.00; and the costs of the investigation.

The *Financial Institutions Commission and Insurance Council of British Columbia and Maria Pavicic* appeal decision ("Pavicic Appeal") involved the same former life insurance agent and similar circumstances to the Novko Appeal. Ms. Pavicic was found to have falsely witnessed signatures on five applications received from said former life insurance agent, signed as a representative agent without having met the applicants, failed to conduct diligence on the status of the former licensee prior to signing, and paid a commission to a knowingly unlicensed sales person. Unlike Mr. Novko, Ms. Pavicic took steps to ensure the information in the documentation was correct, notified Council concerning the matter and cooperated in the process. She attempted to contact the applicants, after the fact, and expressed remorse. The evidence indicated that Ms. Pavicic had not had any prior incidents of misconduct. Bearing these distinguishing factors in mind, the Financial Services Tribunal assessed the following penalty against Ms. Pavicic: a thirty day suspension of her licence; a fine of $1,000.00; and the costs of the investigation.

Respecting disclosure of the referral fees, by the Nominee's own admission disclosure was not overtly made in every case. Regardless of the fact that it may have been apparent to clients that a referral fee would be paid, the Marketing of Financial Products Regulation requires disclosure be made. Council did note, however, in considering the appropriate disposition, that it had not received a complaint respecting this matter and that the Agency clients contacted by investigators refused to cooperate.

Respecting the issue of unlicensed insurance activity, the facts do not establish that the Former Licensee, Chong, or Zhang, acted as insurance agents while unlicensed. Notwithstanding, the Nominee's lack of due diligence surrounding the relationship with the Former Licensee, the Agency's decision to give the Former Licensee a sales representative title, and the prolonged delay in addressing the Former Licensee with a formal warning, make it necessary to protect the public going forward.

Significantly, in contrast to the Novko Appeal and Pavicic Appeal, this case does not involve falsely witnessed signatures or placement of coverage for applicants without having met them. Notably, such facts directly led the Financial Services Tribunal to impose significant penalties on the agents in question as a means of specific and general deterrence. The evidence in this case does not establish that unlicensed activity occurred, that insurance was not placed properly or that any member of the public was prejudiced. Although the Nominee did not set up the referral fee practice at her agency in a competent manner, she did not act in bad faith or in an untrustworthy manner.

Based on the foregoing findings and the challenge obtaining cooperation from witnesses, Council elected not to impose specific punitive sanctions against the Nominee or Agency. However, Council concluded that the Agency and it's licensed employees should be prohibited from entering into any further referral for fee arrangements. The Nominee expressed a desire to maintain her relationship with Chong and Zhang. The Nominee was advised that she may apply for an exemption from the above mentioned condition on a case by case basis, but must first address the lack of control and due diligence in handling referral fees by implementing changes in the Agency's business practice. At minimum, applications for an exemption must demonstrate that sufficient policies and procedures have been implemented to ensure compliance with Council's guidelines and the legislation respecting the payment of referral fees, including:

- how the Nominee will satisfy herself that the person making the referral will not engage in any insurance activities which require a licence, and

- the particulars of when and how written disclosure of the referral fee will be made to the client.

Council also concluded that the Nominee and Agency ought to be responsible for the costs of Council's investigation into the matter as her conduct required Council's expenditure of resources.

INTENDED DECISION

Pursuant to sections 231, 236 and 241.1 of the Act, Council intends to order the following:

1. as a condition of the Agency's licence, unless otherwise approved by Council, the Agency and all of its licensed agents and salespersons are prohibited from paying a commission or other compensation to anyone for referring a customer to the Agency or one of its licensees, as contemplated by section 4(b) of the Marketing of Financial Products Regulation (B.C. Reg. 573/2004);

2. the Agency pay the costs of Council's investigation into this matter assessed at $2,587.50.

The intended decision will take effect on **March 17, 2009**, subject to the Nominee's right to request a hearing before Council pursuant to section 237 of the Act.

RIGHT TO A HEARING

If the Nominee wishes to dispute Council's findings or its intended decision, she may present her case at a hearing before Council where she may be represented by legal counsel. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Nominee must give notice to Council by delivering to its office written notice of this intention by **March 16, 2009**. 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, Mr. Gerald Matier.

If the Nominee does not request a hearing by **March 16, 2009**, the intended decision of Council will take effect.

Even if this decision is accepted by the Nominee, 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.fic.gov.bc.ca/fst/ or contact them directly at:

Suite 1200 - 13450 102nd Avenue
Surrey, BC
V3T 5X3
Phone 604-953-5300

Dated in Vancouver, British Columbia on the 17th day of February, 2009.

For the Insurance Council of British Columbia

Gerald D. Matier
Executive Director

GM/tlh