In the Matter of the

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

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

respecting

JIANG PING ZHANG
(the "Licensee")

ORDER

As Council made an intended decision on March 13, 2018, 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 May 18, 2018; 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:

1. The Licensee's life and accident and sickness insurance licence is suspended for a period of one year, commencing on **September 18, 2018** and ending at midnight on **September 17, 2019**.

2. A condition is imposed on the Licensee's life and accident and sickness insurance licence that requires the Licensee to be supervised by a life and accident and sickness insurance agent supervisor, as approved by Council, until such time as the Licensee accumulates an additional 24 months of active licensing.

3. A condition is imposed on the Licensee's life and accident and sickness insurance licence that requires the Licensee to successfully complete an ethics course, as approved by Council, by no later than **September 17, 2019**.

4. The Licensee is assessed Council's investigative costs of $625.00, to be paid by no later than **September 17, 2019**.

5. If the Licensee does not complete the required course and pay the ordered investigative costs before **September 18, 2019**, the Licensee's life and accident and sickness insurance licence will remain suspended until such time as the Licensee has met these requirements and the Licensee will not be permitted to complete any subsequent annual filing.

This order takes effect on the 18th day of September, 2018.



Ken Kukkonen,
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

respecting

JIANG PING ZHANG
(the "Licensee")

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

The Licensee was notified of the investigation and provided an opportunity to make further submissions.

An investigation report was considered by Council at its March 13, 2018 meeting, where it was 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 Licensee of the action it intends to take under sections 231, 236, and 241.1 of the Act before taking any 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

The Licensee has held a life and accident and sickness insurance agent ("life agent") licence in British Columbia since December 2015 and had an Independent Producer Agreement with a managing general agency (the "MGA") from May 2016 to June 2017.

In March 2017, when facilitating a client's (the "Client") variable annuity transaction with an insurance company (the "Insurer"), the Licensee submitted a loan application to the Insurer without a Security Guarantee Agreement form as was required. The Insurer subsequently

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requested the Licensee to remit the Security Guarantee Agreement form and to also amend one page of the loan application so that it would be complete.

Approximately one month later, the Licensee submitted an amended loan application to the MGA's administrative staff to be processed. The amended application was initialled by the Licensee as if it had been initialled by the Client. The Licensee did not submit the requested Security Guarantee Agreement form to the Insurer at this time.

A few days later, the Licensee submitted another amended loan application to the MGA's administrative staff with the Licensee again initialling the application as if it had been initialled by the Client. This time, the Licensee also submitted the Security Guarantee Agreement form to the MGA's administrative staff, which included a signature that purported to be the signature of the Client.

The MGA staff identified a discrepancy in the signature on the Security Guarantee Agreement form compared with other documents signed by the Client. The MGA questioned the Licensee about the discrepancy and his initial response was that the signature belonged to the Client. However, when shown a known signature of the Client, the Licensee acknowledged that he signed the Security Guarantee Agreement form as if it had been signed by the Client. The Licensee also acknowledged that he had initialled the amendments to the loan applications as if they had been initialled by the Client. The Licensee obtained the Client's signature on the Security Guarantee Agreement form and the required initials later the same day.

ANALYSIS

The Licensee knowingly submitted insurance transactional documents for processing which falsely purported to bear the initials and signature of the Client. Council accepted that the Licensee signed and initialled the documents as if he was the Client for his own convenience rather than material gain, however, it was concerned with this practice and that the Licensee initially denied that he had done so when questioned by the MGA.

After considering his conduct, Council concluded that the Licensee did not act in a trustworthy manner or in accordance with the usual practice of the business of insurance.

In light of the Licensee's repeated improper signature practices and failure to be forthright with the MGA, Council determined a lengthy period of suspension rather than a fine was necessary to reinforce the seriousness of these shortcomings. Council also determined it would be prudent to require that the Licensee be supervised following the completion of his suspension for an extended period of time to ensure he has corrected his improper practices. Council further determined the Licensee would benefit from taking an ethics course.

INTENDED DECISION

Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision to:

1. Suspend the Licensee's life and accident and sickness insurance licence for a period of one year.
2. Impose a condition on the Licensee's life and accident and sickness insurance licence that requires him to be supervised by a life and accident and sickness insurance agent supervisor, as approved by Council, until such time as he accumulates an additional 24 months of active licensing.
3. Impose a condition on the Licensee's life and accident and sickness insurance licence that requires him to successfully complete an ethics course that has been approved by Council.
4. Assess the Licensee Council's investigative costs of $625.00.

The Licensee is advised that should the intended decision become final, the Licensee will be required to pay the investigative costs and successfully complete the ethics course before the end of the suspension of his life and accident and sickness insurance licence. Should the Licensee fail to meet these requirements, the Licensee's life and accident and sickness insurance licence will remain suspended and the Licensee will not be permitted to complete any annual filing until such time as the investigative costs are paid in full and the aforementioned course is successfully completed.

The Licensee's suspension will be effective as of the date of the order.

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.

RIGHT TO A HEARING

If the Licensee wishes to dispute Council's findings or its intended decision, the 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 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 fourteen (14) days of receiving this intended decision**, the intended decision of Council will take effect.

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

Financial Services Tribunal
PO Box 9425 Stn Prov Govt
Victoria, British Columbia
V8W 9V1

Reception: 250-387-3464
Fax: 250-356-9923
Email: FinancialServicesTribunal@gov.bc.ca

Dated in Vancouver, British Columbia, on the **18th day of May, 2018**.

For the Insurance Council of British Columbia

Janet Sinclair
Executive Director
604-695-2001
jsinclair@insurancecouncilofbc.com

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