In the Matter of

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

and

The INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

and

RAJWINDER KAUR SARAI
(the "Licensee")

ORDER

As Council made an intended decision on August 15, 2017, pursuant to section 231 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 October 30, 2017; 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 section 231 of the Act, Council orders that the Licensee's life and accident and sickness insurance licence is cancelled.

This order takes effect on the **14th day of November, 2017**.

Michael Connors, CIP, CRM
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
("Council")

respecting

RAJWINDER KAUR SARAI
(the "Licensee")

Pursuant to section 232 of the *Financial Institutions Act* (the "Act"), Council conducted an investigation into allegations the Licensee cheated and/or colluded with others to cheat on Council's pre-licensing exams for obtaining a life and accident and sickness insurance agent ("life agent") licence.

An investigation report was considered by Council at its August 15, 2017 meeting, where it was determined that 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 section 231 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 obtained a life agent licence in British Columbia in January 2017 and is authorized to represent an agency (the "Agency") that is licensed in British Columbia to engage in life insurance activity.

The Agency is actively involved in recruiting individuals to become life agents. Its recruitment process relies primarily on existing life agents with the authority to represent the Agency doing the recruiting. Once an individual is recruited and subsequently obtains a life agent licence, the new life agent becomes part of the recruiting life agent's "team."

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An individual seeking to obtain a life agent licence must first successfully complete the four study modules that make up the Life Licence Qualification Program ("LLQP"). The LLQP is divided into four specific areas: Life Insurance, Accident and Sickness Insurance, Segregated Funds, and Ethics. Once an individual has completed the LLQP, the individual is required to write Council's pre-licensing exam ("LLQP Exam"), which consists of four exam modules. The LLQP Exam is multiple choice, with each question having four possible answers. Each exam module consists of a number of exam versions.

In early 2017, a collusion detection analysis was performed on the LLQP Exam results from across Canada (the "Collusion Report"). The Collusion Report analyzed LLQP Exam answers and identified a number of examinees who wrote in British Columbia with similar answer sequences. Based on the Collusion Report, Council commenced an investigation and found that all the individuals in British Columbia identified as having similar answer sequences are linked to the same branch office of the Agency.

The Collusion Report identified the Licensee's answer pattern as being similar to that used by a number of examinees and licensees ("Collusion Sequence") from the same branch office of the Agency. A review of the Licensee's LLQP Exam results found that the Licensee used a Collusion Sequence on three of the four LLQP Exam modules: Ethics in September 2016, Life Insurance in October 2016, and Segregated Funds in November 2016.

As there are different versions of each LLQP Exam, using a Collusion Sequence can result in different scores for examinees depending on which exam version is written. For example, a different recruit from the Agency used the Collusion Sequence on a version of the Segregated Funds LLQP Exam and scored 0%, while the Licensee, using the same Collusion Sequence, passed because she wrote a different version of the Segregated Funds LLQP Exam. Similarly, a different recruit from the Agency used the Collusion Sequence on a version of the Life Insurance LLQP Exam and scored 33.3%, while the Licensee passed because she wrote a different version of the Accident and Sickness Insurance LLQP Exam.

In total, over 5,500 LLQP Exam results in British Columbia were reviewed and the only examinees/licensees identified as having used one or more Collusion Sequences are linked to the same branch office of the Agency, which includes the Licensee.

The Licensee was interviewed on September 22, 2017, at which time she denied being provided or obtaining a Collusion Sequence when completing her LLQP Exam. When advised that she and a number of other recruits/licensees from the same branch office had used the Collusion Sequence, the Licensee could provide no explanation as to how this could have occurred.

ANALYSIS

Council found that the Licensee's use of the Collusion Sequence brought into question her LLQP Exam results. Council acknowledged that the use of the Collusion Sequence, by itself, is not sufficient evidence to suggest that the Licensee cheated. However, when factors such as the probability of multiple people using the same Collusion Sequence are considered, along with the fact that all the persons using the Collusion Sequence are from the same branch office of the Agency, Council found that, on balance of probability, the Licensee cheated on the LLQP Exam.

Council noted that the probability of multiple affiliated individuals having identical answers (both right and wrong), without colluding or cheating, while statistically possible, is extremely low. However, in light of the fact that individuals used the Collusion Sequence on other versions of the same LLQP Exam, resulting in some cases in a mark of zero, the logical conclusion is that cheating and collusion occurred.

Another contributing factor is that no other examinees in British Columbia except those affiliated to the same Agency's branch office used the same or similar Collusion Sequence.

Pre-licensing examinations are designed to enable licence applicants to demonstrate that they have the minimum competency required to obtain an insurance licence. Any attempt to collude or cheat on a pre-licensing exam brings into question an individual's competency, trustworthiness, and ability to act in good faith.

Council concluded, based on the information before it, that the Licensee's use of the Collusion Sequence demonstrate that she cheated on the LLQP Exam. By cheating, she failed to demonstrate that she has the required knowledge to hold a life agent licence.

Council concluded that the Licensee has failed to demonstrate that she has the minimum knowledge to hold a life agent licence. Council found that cheating on the LLQP Exam brings into question her suitability to hold an insurance licence. Council determined that the Licensee's life agent licence should be terminated.

INTENDED DECISION

Pursuant to section 231 of the Act, Council made an intended decision to terminate the Licensee's life and accident and sickness insurance licence.

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 **30th day of October, 2017**.

For the Insurance Council of British Columbia

Gerald Matier
Executive Director
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