IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Island Insurance Agency Ltd. v. Imraj S. Gill Law Corporation,* 2026 BCSC 635

Date: 20260413
Docket: S260456
Registry: New Westminster

Between:

Island Insurance Agency Ltd.

Petitioner

And

Imraj S. Gill Law Corporation

Respondent

Before: The Honourable Madam Justice Burke

On appeal from: An order of the Provincial Court of British Columbia dated October 8, 2025 (*Imraj S. Gill Law Corporation v. Island Insurance Agency Ltd.*, Surrey Docket C-92904)

Reasons for Judgment

Counsel for the Petitioner:	P. Sekhon
Counsel for the Respondent:	R.S. Atwal A. Gill, Articled Student
Place and Date of Hearing:	Vancouver, B.C. February 6, 2026
Place and Date of Judgment:	New Westminster, B.C. April 13, 2026

[1] The petitioner, Island Insurance Agency Ltd. (“Island Insurance”), seeks judicial review of a decision of a Provincial Court Judge in a small claims proceeding. The petitioner seeks to set aside the order of the judge, dated October 8, 2025, dismissing the application of the petitioner to set aside a default order and permitting the petitioner to file a late reply (the “Decision”). The petitioner also asks

that, after finding those orders to be unreasonable, the Court substitute its own decision for that of the judge.

[2] The respondent, Imraj S. Gill Law Corporation, opposes the petition. It submits that the judge's decision was reasonable and should not be set aside. It also submits that the petitioner's attempt to re-argue the case on its merits is not permitted on a judicial review.

Background

[3] The petitioner is an insurance company engaged in part in the business of brokering automobile insurance policies between the Insurance Corporation of British Columbia and consumers. The respondent is a law corporation whose director is Imraj S. Gill.

[4] The petitioner filed an application to set aside a default order of September 17, 2025, heard on October 8, 2025. The judge dismissed the application on the basis that the petitioner did not establish one of the factors under the test set forth in *Miracle Feeds v. D. & H. Enterprises Ltd.*, [1979] 10 B.C.L.R. 58, [1979] B.C.J. No. 1965, in particular that the petitioner failed to provide evidence of a meritorious defence.

[5] The respondent's notice of claim alleges an oral contract between the petitioner and the respondent related to securing vehicle insurance for a 2018 Land Rover Range Rover vehicle (the "Range Rover"). The respondent claims that Mowinder Taggar was an authorized representative of the petitioner and he failed to insure the Range Rover. As a result, the respondent suffered damages and loss because the Range Rover was stolen during the time in which no insurance was in place. The Range Rover was eventually recovered, but with significant damage which negatively affected its value.

[6] The respondent previously insured a second vehicle, a 2017 Mercedes-Benz S63 AMG Coupe (the "Mercedes") with the petitioner through Mr. Taggar. Allegedly, Mr. Taggar also failed on this occasion to secure insurance for the Mercedes in a timely manner, resulting in a several-day lapse of coverage, though no harm would result. This vehicle is not the subject matter of the notice of claim.

[7] The Range Rover is the subject of the respondent's notice of claim and alleged losses. Specifically, the notice of claim alleges that on February 3, 2025, Mr. Taggar and Mr. Gill orally agreed that Mr. Taggar, of Island Insurance, would insure the Range Rover prior to its existing coverage lapsing on March 26, 2025, for the time period of March 27, 2025 to March 26, 2026. In exchange, Mr. Gill and the respondent would not engage a new insurance broker for their insurance needs, as a result of the error with the Mercedes' insurance. This, the notice of claim says, was an oral agreement to insure. The respondent also provided several text messages as supposed written evidence of the contract.

[8] The respondent's notice of claim alleges breach of an oral contract to insure, negligence/breach of fiduciary duty, and breach of duty of care. As a result of the breach, the respondent says it suffered loss and damages.

[9] The respondent filed its notice of claim on June 19, 2025, and served it on the petitioner on June 25, 2025. No reply was filed. On August 21, 2025, the respondent obtained default judgment. Several garnishing orders were filed and served on the petitioner's banks. The petitioner then filed its application to set aside the default order. As noted above, this was heard and dismissed by the judge on October 8, 2025.

[10] As part of the application to set aside the default order, the petitioner submitted an affidavit of Harjinder Basra, a director of the petitioner, in response to the alleged oral agreement to insure. In the affidavit, Mr. Basra denies the factual claims relating to conversations Mr. Gill reportedly had with Mr. Taggar, who Mr. Basra described as a "one of our former producers/salesmen". Mr. Basra further stated, "[a]ll of the claims are denied, and the Defendant intends to call Mr. Taggar as a witness to address these allegations."

[11] The petitioner filed this judicial review, on the basis that the judge made a palpable and overriding error in law and failed to account for evidence put forth by the petitioner. Despite the denial of the oral contract and claims made by the respondent, the petitioner says that the judge erred in finding that the petitioner had not put forth evidence of a meritorious defence and in dismissing the application.

[12] Further, the petitioner maintains the judge misapprehended or failed to account for facts relating to text messages between Mr. Gill and Mr. Taggar which the respondent presented during the hearing of the application.

[13] Both parties reviewed the oral judgment and transcript of the proceedings in detail as part of their submissions in this matter.

Legal Framework

[14] As set out in *Tang v. Goldmanis*, 2024 BCSC 351, the proper procedure in a matter such as this is a judicial review. Under s. 5(1) of the *Small Claims Act*, R.S.B.C. 1996, c. 430 [*SCA*], a litigant has the right to appeal an order only if it was made after a trial:

> 5 (1) Any party to a proceeding under this Act may appeal to the Supreme Court an order to allow or dismiss a claim if that order was made by a Provincial Court judge after a trial.

[15] There is otherwise no right of appeal from any other order: *SCA*, s. 5(2). The Court in *Hart v. Laird Cruickshank Personal Corporation*, 2022 BCSC 569 at para. 19 noted however, that an application for judicial review of a Provincial Court order made in a small claims proceeding is permitted. Accordingly, the petitioner brought this judicial review of the Decision dismissing the application to set aside the default order.

Standard of Review and Analysis

[16] The standard of review on a judicial review of a Provincial Court order is reasonableness: *Hubbard v. Acheson*, 2009 BCCA 251 at para. 7. To set aside the order dismissing the petitioner's application to set aside default judgment, the petitioner must demonstrate that the order was unreasonable.

[17] The Supreme Court of Canada's decision in *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65, expanded on the interpretation of the reasonableness standard. As noted in *Marples v. Biddlecome*, 2023 BCSC 1690:

> [13] Reasonableness is a deferential standard. The reviewing court is not allowed to simply substitute its view for the view of the original decision maker. Nor is the reviewing court permitted to conduct a new analysis in an effort to determine its view of the correct outcome: *Vavilov* at para. 83. The reviewing court can only intervene where satisfied that the decision, in light of both the rationale and the outcome, was unreasonable: *Vavilov* at para. 87. The decision must be transparent, intelligible, and justified:

> *Vavilov* at para. 15. Thus, the reasonableness standard of review involves a consideration of both the outcome and the reasoning process that led to that outcome: *Vavilov* at para. 83. The reviewing court should adopt a "reasons first" approach: *Vavilov* at para. 84.

[18] Where formal reasons are not provided, the court "must look to the record as a whole": *Vavilov* at para. 137. Where "neither the record nor the larger context sheds light on the basis for the decision", the court must still consider "the decision in light of the relevant constraints on the decision maker in order to determine whether the decision is reasonable": *Vavilov* at para. 138.

[19] The court's analysis is not a "line-by-line" hunt for error: *Vavilov* at para. 102. In assessing reasonableness, it is relevant if the decision maker, "[w]here a relationship is governed by private law … ignore[d] that law in adjudicating parties' rights within that relationship", if "the decision maker has fundamentally misapprehended or failed to account for the evidence", or if the decision maker failed "to meaningfully grapple with key issues or central arguments": *Vavilov* at paras. 111, 126, 128.

[20] As set out in *Vavilov* at para. 142, if the decision is found to be unreasonable, this Court, instead of remitting the matter, can substitute a decision where it is clear "that a particular outcome is inevitable and remitting the case would therefore serve no useful purpose".

[21] The petitioner relies on *Vavilov* at para. 86 which notes as follows:

> [86] Attention to the decision maker's reasons is part of how courts demonstrate respect for the decision-making process: see *Dunsmuir* at paragraphs 47–49. In *Dunsmuir*, this Court explicitly stated that the court conducting a reasonableness review is concerned with "the qualities that make a decision reasonable, referring both to the process of articulating the reasons and to outcomes: para. 47. Reasonableness, according to *Dunsmuir*, "is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process", as well as "with whether the decision falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and law": *ibid*. In short, it is not enough for the outcome of the decision to be *justifiable*. Where reasons for decision are required, the decision must also be *justified*, by way of those reasons, by the decision-maker to those to whom the decision applies. <u>While some outcomes may be so at odds with the legal and factual context that they could never be supported by intelligible and rational reasoning, an otherwise reasonable outcome also cannot stand if it was reached on an improper basis.</u>
>
> [Underlining added.]

[22] The petitioner in particular relies upon the last sentence. The petitioner says in coming to his conclusion that the petitioner did not "have a meritorious defence to the claim worthy of investigation", the judge erroneously relied on a text message that referenced the Mercedes, and not the Range Rover, and by doing so reached the conclusion on an improper basis. Accordingly, the petitioner maintains that as set out in *Vavilov* above, what might otherwise have been a reasonable outcome cannot stand, as the judge reached his conclusion on an improper basis when he referenced the text about the Mercedes to reach his conclusion about the Range Rover.

Setting Aside Default Orders

[23] Under Rule 17(2) of the *Small Claims Rules*, B.C. Reg. 261/93, a Provincial Court Judge in a small claims proceeding may cancel a default order if:

> (a) the order was made
>
> (i) in the absence of a party,
>
> (ii) for failing to file a reply, or
>
> (iii) for failing to make a deposit under section 56.3 of the *Civil Resolution Tribunal Act*, and
>
> (b) the party applies (see Rule 16 (7)) and attaches to the application an affidavit containing
>
> (i) the reason the party did not file a reply, attend the settlement conference, trial conference or trial or make a deposit under section 56.3 of the *Civil Resolution Tribunal Act*,
>
> (ii) the reason for any delay if there has been delay in filing the application, and
>
> (iii) the facts that support the claim or the defence.

[24] Rule 17(2) reflects the oft-cited factors from *Miracle Feeds* which guide a court's discretion in setting aside a default judgment. As summarized in *Lee v. Zhou*, 2022 BCSC 172 at para. 43, the *Miracle Feeds* factors are whether:

> (1) the defendant wilfully or deliberately failed to respond to the claim;
>
> (2) the defendant applied to set aside the default judgment as soon as reasonably possible after learning of it;
>
> (3) the defendant has a meritorious defence to the claim (or at least one worthy of investigation); and,
>
> (4) the above have been satisfactorily established by evidence.

[25] In addition, in *Forgotten Treasures International Inc. v. Lloyd's Underwriters*, 2020 BCCA 341 [*Forgotten Treasures*], the Court noted the following with respect to the evidence required by an applicant seeking to set aside a default judgment:

> [29] It is thus necessary for a defendant who seeks to set aside a default judgment to file some evidence that supports the defence it wishes to advance. In some straightforward or simple cases, a denial, in affidavit form, of the allegations in the notice of civil claim may be sufficient. In other cases, more may be required.
>
> [30] In neither instance does the chambers judge engage in a searching, extended, or detailed weighing of the evidence. The threshold the applicant must meet is, as the words "worthy of investigation" suggest, not onerous.

[26] In *Royal Bank of Canada v. Rose*, 2022 BCSC 1472, this Court applied the above passage of *Forgotten Treasures* to the facts before it:

> [46] I find that this is one of those cases contemplated in *Forgotten Treasures*, namely a straightforward case in which a denial in affidavit form is sufficient to meet the low onus on an applicant. Ms. Rose deposes in her affidavit that although she acknowledges the default on the credit card, she disputes the amount claimed to be going and the interest rate charged. In her submissions, Ms. Rowe indicated that she intends to among other defences, challenge the interest charged as being excessive and unreasonable. In my view, this is sufficient to establish that Ms. Rose has a defence worthy of investigation. Indeed, it is difficult for the plaintiff to now argue otherwise given its June 2021 trial brief, in which indicated that liability and that was issued in dispute at trial.

[27] The petitioner in this case argues that Mr. Basra's denial in his affidavit that the conversation in which Mr. Taggar indicated he or the company would insure the Range Rover took place, along with the indication that Mr. Taggar would be called as a witness, is sufficient to establish a defence worthy of investigation. In addition, the petitioner maintains the respondent's reference to a written contract as reflected in texts between the party was novel, it did not have an opportunity to respond to this and the judge relied upon a text exchange associated with a different vehicle.

[28] The judge in this case found no meritorious defence, concluding that the denial in the affidavit and reference to calling Mr. Taggar as a witness was merely speculation and therefore a meritorious defence worthy of investigation had not been established. Counsel for the petitioner also suggested during the application that he would be advancing a defence at trial premised on Mr. Taggar not being an

employee or agent of the company, and therefore not having the authority to bind it to a contract, which the judge similarly dismissed as “pure speculation”.

[29] The petitioner referenced the transcript of the proceeding, which it said would provide a better understanding of the judge’s reasoning process, as part of determining whether the Decision as a whole was reasonable.

Analysis

[30] The *Vavilov* standard of review requires the court to assess whether the decision bears the hallmarks of reasonableness: justification, transparency, and intelligibility. As noted, while the judge applied the applicable legal framework, the petitioner argues that the judge engaged in “searching or extended weighing of evidence” and did so incorrectly.

[31] Much of the argument referenced two text exchanges between Mr. Taggar and Mr. Gill. The respondent argued these text references were evidence of an oral agreement to insure the Range Rover. As noted earlier, one text exchange was said to reference the Mercedes vehicle and the second was associated with the Range Rover.

[32] The petitioner seeks to overturn the judge’s decision that no meritorious defence existed as, in coming to his conclusions, the judge incorrectly referenced the text messages associated with the Mercedes vehicle. These texts did not however reference the Range Rover vehicle. The judge therefore erroneously concluded that these messages were an admission by Mr. Taggar that he had agreed to insure the Range Rover and failed to do so. This, the petitioner maintains, is the improper basis upon which the judge reached his conclusion.

[33] A review of the transcript of the application confirms the judge questioned the parties about these texts. The fundamental point of the petitioner is that the judge conflated the texts concerning the different vehicles in considering the question of whether the claimant had requested the Range Rover to be insured by Mr. Taggar.

[34] The judge then concluded in oral reasons with respect to these texts:

> [3] The claim is that there was an obligation undertaken by the defendant to renew the insurance. The evidence is that it was undertaken with respect to two vehicles. One was done late, the other not at all,

> resulting in a loss for the one that was not renewed at all. The claimant has set out an affidavit, setting out specific conversations held with the representative of the defendant. Mr. – I gather this is phonetic, Taggart [phonetic], whereby the obligation was undertaken.
>
> [4] There is further a text message appended to one of the affidavits on behalf of the claimant where on the basis of what is seen in that snippet, Mr. Taggart is said to be replying that, "I thought I was going to handle it, but they said they are going to do it, do everything going forward.", that "This has nothing to do with me. Yes, you can call me a shitty person for not calling you, but I have not been calling any of my clients." And so, that is certainly capable of being interpreted as an admission.
>
> [5] Is there anything more there? The defendant asks. I do not know if there is. I am advised by counsel for the claimant – by Mr. Atwal, that while there might be a further portion of that thread, it is not in any way a conversation that would detract from this position, in other words from Mr. Taggart's admission or what could be seen as an admission.
>
> [6] Now that is a *prima facie* case. The question as to whether there is a meritorious defence is one on which essentially before the court there is no evidence. Unless, Mr. Sekhon, you can point me to materials I may have missed, I see nothing that is obtained, for example, from Mr. Taggart, calling into any question or raising any doubt about the claim in a way that would present this as a meritorious defence. I simply do not see an evidentiary basis for concluding that, other than that it might be, in a speculative sense.
>
> [7] I have to say there is even less evidence with respect to the position taken today that Mr. Taggart may have been or indeed was in the position of an independent contractor such that there would be potentially liability to be shared between the corporate defendant and Mr. Taggart in some fashion. There is no evidentiary basis for that. It is pure speculation, at this point.

[35] After careful consideration of the parties' materials, the transcript of the application hearing, and the judge's oral reasons, this Court respectfully concludes that the judge misunderstood the text message evidence.

[36] As noted above, two text chains were tendered as evidence before the judge concerning the Mercedes and Range Rover respectively. For the sake of clarity, each of the text chains is reproduced below in full.

[37] The Mercedes texts are as follows:

> <u>February 3, 2025</u>
>
> [Mr. Gill]: Bro man … Can I get My insurance for my s63
>
> <u>February 5, 2025</u>
>
> [Mr. Taggar sends the insurance policy as a PDF file.]

> [Mr. Gill]: I got this from now on bro … my [car] wasn't insured from the 26-3
>
> [Mr. Taggar]: I got screwed
>
> [Mr. Gill]: I know

[38] A review of the transcript suggests that the judge, while hearing submissions, believed the above texts to be referring to the Range Rover, and not the Mercedes, as evidenced by a question posed to the petitioner's counsel:

> Mr. Sekhon, would you concede that if that text message ending in Mr. Taggart saying, "I got screwed," – if that's the end of that conversation insofar as this claim is concerned, would you concede that that's an admission by Mr. Taggart that he failed in his obligation to renew the insurance, or at least on the obligation of your client? Just looking at that on its own, I just – I'm not sure how that can be seen as ambiguous.

[39] In asking counsel to make this concession, it is clear the judge believed this text chain to be in reference to the Range Rover. The notation, "S63", however refers to the Mercedes. This misunderstanding was referenced in the judge's ruling, where at para. 3 he describes this text chain as a conversation "whereby the obligation was undertaken." There is nothing however in the Mercedes texts which would constitute evidence of an undertaking to insure the Range Rover. Rather, Mr. Gill asks for, and Mr. Taggar provides, an insurance policy for the Mercedes. The "I got screwed" text is in response to Mr. Gill's text flagging that the Mercedes was without coverage for several days.

[40] At para. 4 of his reasons, the judge then discusses the Range Rover texts. Those texts only include messages sent by Mr. Taggar to Mr. Gill on April 28, 2025, and begin partway through a message, as follows:

> … you last minute everytime, during the s63 time and now I've been super sick and haven't even being practicing regular insurance either since mid Jan island insurance has been taking care of all my business
>
> I thought I was gonna handle it but they said they're going to do everything going forward
>
> This has nothing to do with me. Yes you can call me a shitty person for not calling you. But I haven't been calling any of my clients

[41] The judge commented at para. 4 of his reasons that these texts are "certainly capable of being interpreted as an admission." It is unclear how the above texts would be evidence of an admission as to the existence or breach of an oral agreement to insure the Range Rover. To the contrary, Mr. Taggar appears

to be attempting to exonerate himself from any wrongdoing, claiming that the petitioner had “been taking care of [his] business” since January 2025, and that the claim therefore had “nothing to do with [him].”

[42] This evidence would seem to accord with other potential evidence of the petitioner that was before the judge. In an unfiled draft reply to claim, the petitioner’s stated defence, was that there was no contract or duties owed between the petitioner and respondent. In Mr. Basra’s affidavit, he also states that the petitioner was unaware of any discussions between Mr. Gill and Mr. Taggar and further noted that Mr. Taggar was a “former” salesman. At the hearing, counsel for the petitioner advised the judge that they intended to make an argument at trial that Mr. Taggar had no authority to bind the petitioner to a contract as he was not an employee or agent but an independent contractor. The Range Rover texts would appear to support this theory, as Mr. Taggar himself is describing what seems to be a growing disconnect between him and the company as early as January 2025, preceding the events at issue in the claim.

[43] The judge also appears to conflate the two text chains is para. 5 of the reasons, where the judge references submissions made by counsel regarding additional text messages not included in the screenshots. The judge discusses this issue in respect of the Range Rover texts, however, a review of the transcript makes clear that counsel’s submissions on these additional messages were made in reference to the Mercedes texts. This demonstrates another instance of the judge apparently misapprehending the facts.

[44] Ultimately, these understandable but unfortunate misapprehensions of the text evidence figured prominently in the Decision by leading the judge to conclude, at para. 6, that the respondent had “a prima facie case” to which the petitioner had no meritorious defence.

[45] In the Court’s view, even on a deferential standard of review, in light of these misapprehensions the Decision cannot be upheld. As per para. 86 of *Vavilov*, what might have otherwise been a reasonable outcome, cannot stand having been reached through this misunderstanding of the evidence and is therefore at odds with the alleged factual context. In view of all the above, the defendant has a meritorious defence to the claim, at least worthy of investigation.

[46] Accordingly, the application is granted. Costs are awarded to the successful party.

“Burke J.”