

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Sanghera v The Wawanesa Mutual
Insurance Company,*
2026 BCSC 1828

Date: 20260925
Docket: S168518
Registry: New Westminster

Between:

Kulwinder Kaur Sanghera

Plaintiff

And

**The Wawanesa Mutual Insurance Company
and Gold Key Insurance Services Ltd.**

Defendants

Before: The Honourable Mr. Justice Coval

Reasons for Judgment

Counsel for the Plaintiff:

S. Singh
M. Chhabra

Counsel for the Defendant, Gold Key
Insurance Services Ltd.:

J. Virk

Place and Dates of Trial:

New Westminster, B.C.
September 8-11, 2026

Place and Date of Judgment:

New Westminster, B.C.
September 25, 2026

Introduction

[1] Ms. Sanghera sues her insurance agent, Gold Key, for negligent failure to obtain the proper insurance for her commercial rental property at 513 Clarke Rd, Coquitlam, BC. As a result of the improper coverage, the insurer Wawanesa declined to cover Ms. Sanghera's losses when a fire destroyed the house on her property in 2014.

[2] Ms. Sanghera and her husband, Mr. Jagjit Sanghera, allege that, in around 2006, they told their long-time insurance representative from Gold Key, Mr. Sukhdarshan Sandhu, of the property's rezoning from residential to commercial and their change of tenancy from a family home to an automotive repair shop. They also allege that these changes should have been obvious to Mr. Sandhu on his visits to their pizza restaurant just down the road. They claim the fire cost them around \$70,000 in lost rent and \$100,000 in a reduced sale price for the property, losses which Wawanesa declined to cover because Mr. Sandhu failed to change their coverage to a commercial tenancy policy.

[3] On behalf of Gold Key, Mr. Sandhu denies the Sangheras told him of the changes in zoning or use of the property before the fire, and these changes were not obvious to him as a passerby. Gold Key also submits that no loss has been proven because: (a) the Sangheras admit that, at the time of the fire, the auto shop was not paying rent due to financial difficulties; and (b) the Sangheras failed to produce any of the key documents probative of whether or not they actually suffered lost rent or a reduced sale price.

[4] I agree with Gold Key that the Sangheras have proven neither a breach of Mr. Sandhu's duty of care nor any losses from their lack of insurance coverage. Ms. Sanghera's claim is therefore dismissed.

Parties

[5] At the time of the fire, Ms. Sanghera was the registered owner of 513 Clarke. She and Mr. Sanghera purchased it in around 2003. They also owned the adjacent

property at 509 Clarke, a commercial rental property at 565 Clarke where they ran their pizza restaurant, a residential rental property on Farrow Street, at least one more commercial property, and their own home in Coquitlam on Elmwood Street. The evidence was that, for each property, Mr. Sanghera would from time to time obtain quotes from various insurance agencies and chose the one with the least expensive premiums.

[6] Mr. Sandhu has been an insurance agent with the insurance broker Gold Key since 1999. In around 2006, he met the Sangheras when they came to Gold Key to insure their rental property at 715 Farrow Street, Coquitlam. Shortly thereafter, he also arranged their insurance for 513 Clarke.

[7] Wawanesa issued the dwelling policy for 513 Clarke from 2006 until the fire in 2014. In Feb 2024, Ms. Sanghera consented to the dismissal of her claim against Wawanesa.

Insuring the Property

[8] In April 2006, when the Sangheras came to Mr. Sandhu to insure 513 Clarke, it was a two-storey home tenanted by a family.

[9] Mr. Sandhu added it as a second location on Ms. Sanghera's existing policy for 715 Farrow. He obtained information about the property from the Sangheras and sent the application to Wawanesa with his photo of the outside of the building. The application described the property as "single family rental dwelling".

[10] On June 8, 2006, he mailed the Sangheras the endorsement certificate, showing the addition of 513 Clarke on the 715 Farrow policy, together with his statement of account. The initial coverage was for April 21-July 3, 2006, July 3 being the annual renewal date for 715 Farrow. The policy was for an "Additional Residence", with rating information described as "Basic Dwelling". The coverage was \$188,500 for the dwelling building, \$18,550 for an out-building, and \$37,100 for additional living expenses. Mr. Sandhu arrived at these amounts using Wawanesa's valuation tables.

Rezoning

[11] Later in 2006, 513 Clarke was rezoned for commercial use. The residential tenants remained in the house for around six months before it was leased to the auto shop already leasing the adjacent property at 509 Clarke which combined its operations on the two properties. Gold Key was not the insurance agent for 509 Clarke.

[12] Mr. Sanghera's evidence was that he called Mr. Sandhu twice to tell him of these changes. The first call was when he learned of the rezoning, and Mr. Sandhu congratulated him on the good news. Ms. Sanghera testified that she overheard this call and Mr. Sandhu's congratulations. The second was after they rented to the auto shop, and Mr. Sanghera testified that Mr. Sandhu said he would take care of changing the coverage and take pictures of the building for the new application.

[13] Mr. Sandhu denies any such calls.

Insurance from 2007-2014

[14] In June each year, Mr. Sandhu sent the Sangheras a renewal letter, enclosing the renewal policy for 715 Farrow and 513 Clarke, together with Gold Key's statement of account. Mr. Sanghera would then come to Gold Key to drop off a cheque or Ms. Sandhu would come to the pizza restaurant to collect it. After receiving payment, he would mail the Sangheras a copy of the updated policy. Mr. Sandhu testified that over the years he met the Sangheras at the pizza restaurant three or four times. The Sangheras testified it was more like six to 10 times a year.

[15] The format of the renewal letters changed over the years, sometimes referring to "protecting your rented dwellings", sometimes without any such description. The policies, under rating information, said "Basic Dwelling".

[16] In June 2012 and 2014, the renewal letter changed to become more detailed. It referred to the "Rented Dwelling Policy" with Wawanesa and advised that

“coverage is restricted with respect to any business pursuits in your home.” The policy itself continued to refer to “Basic Dwelling”.

The 2014 Fire

[17] The fire on March 4, 2014 destroyed most of the building on the property.

[18] Mr. Sandhu immediately filed a claim report with Wawanesa. By letter of March 21, 2014, the Wawanesa adjuster advised coverage was being denied, saying in part:

As of April 21st, 2006 you have insured Location 1 at 513 Clarke Road, Coquitlam BC as a rented residential dwelling. The application for insurance states it is a “single family rental dwelling, basic form.” On or about March of 2007 this location became occupied by Trinity Auto Center. Trinity Auto Center is a commercial enterprise and the location was being used as an office, storage facility, and auto repair shop for Trinity Auto Center. This tenancy has remained in place to the present day. However, it was only after you reported the fire damage on March 4, 2014 that Wawanesa realized that in fact the tenancy had been changed to a commercial use as described above.

...

In this case, you failed to give Wawanesa prompt notice of the fact that you were renting Location 1 to a commercial enterprise instead of a residential dwelling.

If Wawanesa knew that Location 1 would be rented out to a commercial enterprise, specifically an automotive dealer and repair facility, it would have declined to insure the risk. As a result of your failure to notify Wawanesa of this material change in risk regarding Location 1, the Policy is void.

Any premiums that you paid for the Policy after the material change in risk will be returned to you by registered mail under separate cover.

[19] By letter of March 27, 2014, Wawanesa advised it was voiding the combined policy for 715 Farrow and 513 Clarke, retroactive to the change of use of Clarke St, estimated as of March 1, 2007. It returned the Sangheras’ premiums paid since March 2007, totalling \$11,445.

[20] At the time of the fire, the auto shop was having financial difficulties and had not paid rent for a few months, and the Sangheras were in the process of selling 509 and 513 Clarke. The properties were under contract with a buyer for a combined price of approximately \$7 million. Mr. Sanghera testified that the sale completed

some months after the fire, but the buyer reduced the price by \$90,000-100,000 for loss of the building.

Governing Law

[21] The parties agreed on the scope of an insurance broker's duties of care to their client.

[22] The duties include providing relevant information about the types of coverage available to the client and which forms of coverage are required to meet that client's needs. For renewals, there is a similar duty to provide relevant information about the types of coverage available, and to meet any change in need that the client may have as a result of any changes in his or her circumstances of which the broker is or should be aware (*Beck v Johnston*, 2011 BCCA 250, paras 30-33).

Analysis

[23] In my view, the Sangheras have not established, on a balance of probabilities, either a breach of the duty of care by Mr. Sandhu or a financial loss from the voiding of their policy by Wawanesa.

No Breach of Duty of Care

[24] On duty of care, the plaintiffs' "particulars of negligence", signed by counsel on October 12, 2021, and marked as an exhibit at trial, described the breach of duty of care this way:

8. It is the duty of the Gold Key as the service provider to the Plaintiff to look after the interest of the Plaintiff.
9. The zoning of the Property was changed from residential to commercial which was promptly notified to the Gold Key through their Insurance Agent Mr. Sandhu by the Plaintiff.
10. The Gold Key and Mr. Sandhu failed to exercise their duty of care and negligently omitted to make updates in their records regarding the material changes in the Property.
11. The Plaintiff relied on the Gold Key and Mr. Sandhu as being licensed insurance industry professional, to safeguard her interest in the Property.

[25] In the Amended NoCC, October 13, 2021, the material facts pleaded in support of the alleged breach of the duty of care are just this:

7. The zoning of the Property was changed from residential to commercial which was promptly notified to the Insurance Company through their Insurance Agent. It is either the Defendant or his Insurance agent's negligent [*sic*] if they did not make correction in their record.

[26] I find that the Sangheras have not established that, on a balance of probabilities, they told Mr. Sandhu of the changes in zoning or tenancy of the property. I base this on the following.

[27] First, the most likely explanation for why Mr. Sandhu never switched the insurance to a commercial policy is that he never knew of the changes in zoning or use. In my view, it defies common sense that Mr. Sandhu would have learned of these changes, either from the Sangheras or when driving by 513 Clarke, but intentionally chosen not to assist the Sangheras in changing their coverage. They were his long-time customers whom he would not have wanted to harm and put at risk in this way. I accept Mr. Sandhu's evidence that he would have been motivated to make the change because the premiums and his commission would have been higher under a commercial policy. I do not accept the plaintiff's allegation that he did not make the policy change because, not specializing in commercial coverage, that policy would have belonged to Gold Key, not him personally. The overall evidence does not come close to supporting such a finding against Mr. Sandhu's professional integrity.

[28] Second, it defies common sense that Mr. Sandhu was told of the changes but simply forgot to change the coverage. Even if the changes might have initially slipped his mind, it would have come back to him at some point between 2007-2014, during all of his interactions with the Sangheras.

[29] Third, I do not accept the plaintiff's argument that, even if Mr. Sandhu was not told of the changes, he must have, or at least should have, noticed them when driving past the property and seeing the auto shop signs and surrounding cars.

Firstly, this alleged breach of his standard of care was not pleaded or particularized by the plaintiff. Second, based on the photographic evidence, in my view a reasonable person could have driven past the subject property without noticing the change in use. The evidence suggests the outside of the building remained as it was used as a family home. A passerby could easily have assumed the house remained tenanted by a family and the surrounding auto shop signs and cars belonged to the auto shop at 509 Clarke. I accept Mr. Sandhu's evidence that he did not notice the change in use.

[30] Fourth, I have credibility concerns with the Sangheras' evidence of telling Mr. Sandhu about the changes due to some important inconsistencies.

[31] In direct examination, Mr. Sanghera testified to telling Mr. Sandhu twice over the phone about the changes, first when he received the city's letter about the zoning change, and then when he entered into the auto-sales lease. In examination for discovery, however, he repeatedly testified to only telling Mr. Sandhu only once, at the time he entered into the lease.

[32] Ms. Sanghera testified that, on the day Mr. Sanghera learned of the rezoning, she overheard his call with Mr. Sandhu and Mr. Sandhu congratulating him. She testified to knowing it was the day her husband learned of the rezoning because he was excited about the news and wanted to tell her and others right away. She testified that Mr. Sanghera made the call from a landline, not a cellphone. She testified that it was around one year after the call that the commercial lease was entered into. In discovery, however, she testified that the call to Mr. Sandhu was made after the commercial lease was entered into, and from a cell phone not a landline.

[33] Fifth, I find Mr. Sanghera likely understood that the policy was never changed from residential to commercial. I accept Mr. Sanghera's evidence of difficulty following the complexities within Gold Key's documentation. In my view, however, as an experienced residential and commercial property owner, he would have understood that the change in policy required paperwork to cancel his residential

policy – which Mr. Sanghera acknowledged in cross-examination – and that new information and forms were required for the commercial application. He also would have appreciated that neither of these things occurred. I therefore find that he knew that the policy change was never made.

[34] Sixth, I accept Mr. Sandhu's evidence that, after the fire, Mr. Sanghera's reaction was that the lack of commercial coverage should not matter because the building itself was still a residential house. In my view, this remark reveals Mr. Sanghera's reason for never changing to the more expensive commercial coverage.

[35] In final argument, the plaintiff submitted that Mr. Sandhu's duty of care included regularly checking on the property and inquiring about it when arranging the annual renewals. I do not accept this because it is not raised in the plaintiff's pleadings or particulars of negligence.

[36] Also, in my view, this would need to be established by expert evidence regarding the standards expected of a reasonable insurance representative in British Columbia in these circumstances. It is not so obvious that expert evidence is unnecessary (*Schellenberg v Wawanesa Mutual Insurance Company*, 2020 BCCA 22, paras 36, 63).

No Proven Damages

[37] I find the Sangheras have not proven the lack of commercial insurance caused them their alleged losses of \$90,000-\$100,000 for a reduction in their sale price and six to nine months' rent at \$5,775/month.

[38] First, Mr. Sanghera's evidence on these issues was vague. He testified that the realtor told him the buyer wanted something like \$90,000-100,000 off the sale price for the loss of the building, but he could not be specific about the actual amount of the reduction or how it was negotiated. He also could not recall the exact purchase price or how it was allocated as between the two properties. On the lease,

as mentioned, he conceded that the auto shop had not paid rent for a few months before the fire due to financial difficulties.

[39] Second, the Sangheras failed to produce any of the probative documents for these claims. In my view, most if not all such documents would have been within their possession or control when they began the lawsuit in 2015 and when they were specifically requested of them in examinations for discovery in 2017.

[40] They did not produce:

- the auto shop lease, any evidence of its rental payments, or any communications about the arrears of rent or sale of the property;
- the contract of purchase and sale, or the alleged amended contract for the reduced price, for 509 and 513 Clarke;
- any communications with the buyers, either through the realtors, lawyers or otherwise, about the fire, including the alleged reduced price; or
- any invoices or receipts for repairs after the fire.

[41] These documents might have indicated the plaintiff's loss was less than alleged or perhaps non-existent. For example, they might have shown that the auto shop agreed to an early departure to accommodate the sale in exchange for free rent until the sale closed. Or that there was actually no reduction in the purchase price after the fire because the developer did not intend to use the building.

[42] It would be unfair to Gold Key to find the plaintiff has proven its alleged losses having failed to fulfill its procedural obligation to disclose all these key documents by which Gold Key and the Court could assess what actually occurred.

Conclusion

[43] The plaintiff's claim is dismissed.

[44] Gold Key is awarded its costs at Scale B unless either party wishes to make submissions on costs.

“Coval J.”