



ORDER
under s.764 of the Alberta Insurance Act,
R.S.A. 2000, c.I-3, as amended

IN THE MATTER OF THE ALBERTA INSURANCE ACT
R.S.A. 2000, C. I-3, AS AMENDED

and

IN THE MATTER OF PUGET'S SOUND
AGRICULTURAL SOCIETY, LIMITED

[Due to Freedom of Information and Protection of Privacy provisions, names of individuals will not be published]

ORDER UNDER SECTION 764

and

NOTICE OF RIGHT OF HEARING OR APPEAL
UNDER SECTION 764

WHEREAS it appears to the Minister of Alberta Finance (Minister) that:

1. Puget's Sound Agricultural Society, Limited ("PSASL") is not registered as an extra-provincial company under the *Business Corporations Act*, R.S.A. 2000, c. B-9.
2. the Superintendent of Financial Institutions of British Columbia, who regulates insurance in British Columbia, has issued an order under sections 224(2) and 238 of the *Financial Institutions Act* R.S.B.C. 1996, c.141, as amended (the "B.C. Act") dated February 28, 2002 (the "B.C. Order").
3. the B.C. Order states, in part, that:
 - Puget's Sound Agricultural Society, Limited ("PSASL") is an extra-provincial company registered under the *Company Act* of British Columbia, R.S.B.C. 1996, c. 62, having registration number A-0039500. PSASL was registered on May 4, 1994. the officers and directors of record are:

(Due to Freedom of Information and Protection of Privacy provisions, names of individuals will not be published and will be referred to as [Named Individuals])

- The head office of record, within the Province of British Columbia, is located at 160 – 1215 Valmont Way, Richmond, British Columbia.
- On August 24, 2001, a warning letter was issued to PSASL by the Superintendent of Financial Institutions, advising that a business authorization under the [B.C. Act] to carry on insurance business in the Province of British Columbia, was required by PSASL.
- PSASL has not filed an application for business authorization under the [B.C. Act] to carry on insurance business in the Province of British Columbia, and the Financial Institutions Commission has not issued a business authorize to PSASL.
- **[Named Individuals]** are not licensed as insurance agents or insurance salespersons in British Columbia.
- On February 7, 2002, a representative of the Financial Services Commission of Ontario, which regulates insurance in the Province of Ontario, advised that a resident of Flesherton, Ontario, recently presented, to the local police, a document entitled "Ontario Evidence of Financial Responsibility" as evidence of motor vehicle insurance.

- This Ontario Evidence of Financial Responsibility was certified by PSASL to cover a 1990 Honda Civic for the period January 1, 2001 to March 31, 2002. The document shows PSASL's address as 160 – 1215 Vermont Way, Richmond, B.C., Canada. The reverse side of the card states, in part:

“THIS CARD MUST BE KEPT IN THE MEMBER’S VEHICLE AND PRESENTED UPON DEMAND”

It further states:

“for General Information only, please contact us # (604) 232-9851. This vehicle has Financial Responsibility Liability/Comprehensive”

This Ontario resident has been charged with driving without motor vehicle insurance in the Province of Ontario.

- PSASL distributes an information package to the public (the “information package”), which describes the products offered. PSASL offers comprehensive and financial responsibility coverage where, in consideration for the payment of a membership fee, vehicle administrative fee and quarterly assessments, members and third party non-members are reimbursed and indemnified for the costs of vehicle damage repair or replacement, medical and hospitalization costs and loss of earnings resulting from vehicle accidents.
- The information package states that the financial responsibility coverage “is to be considered as a supplement program to the Canadian Insurance programs and policies”.
- Cease and Desist Orders to stop selling insurance products have been issued to PSASL by the states of California, Connecticut, Nevada, Texas, Colorado, Minnesota, Pennsylvania, Idaho, Washington, Utah, New York, Nebraska, West Virginia, Iowa, Oregon, Arizona and North Carolina.
- On or about August 24, 2001, the State of Connecticut issued a Cease and Desist Order to PSASL. In a press release regarding PSASL at that time, the Connecticut Insurance Commissioner, Susan F. Cogswell, stated, “We have recently become aware of a company selling fraudulent auto insurance policies on the Internet”.
- On October 11, 2001, the State of North Carolina issued a Cease and Desist Order to PSASL.
- The State of Minnesota, Commerce Commissioner Jim Bernstein, has also issued a Cease and Desist Order to PSASL, and has stated, “Puget Sound is not licensed to issue auto insurance in Minnesota, and its “Financial Responsibility” card is not a valid alternative for required liability insurance coverage.”

4. PSASL operates a web site www.psasl.org. On this web site, PSASL offers memberships to “provide financial assistance to members who have suffered injury or material loss, or who have accidentally injured others or damaged their property”.

5. PSASL appears to operate its business, including its activities in Alberta, out of its premises at 160 – 1215 Valmont Way, Richmond, British Columbia, Canada. Membership in PSASL can be obtained over the internet or by contacting PSASL at the above address or by telephone (604) 232-9851 and fax (604) 232-9853 or e-mail psasl@psasl.org.

6. PSASL issues Certificates of Responsibility and Financial Responsibility Cards to members in the vehicle program, that purport to provide proof of financial responsibility in relation to the operation of a motor vehicle in Alberta.

7. Prospective members are directed by PSASL to send the membership fee, administration fee, and quarterly assessments to PSASL at the Valmont Way, Richmond, British Columbia address.

8. PSASL also offers through its website and information package a burial program, personal property program and structure program each of which reimburses members for loss or damage.

9. PSASL is soliciting applications for contracts of insurance, undertaking or offering to undertake and indemnify another person against loss or liability for loss in respect of certain risks or perils, issuing receipts

for and contracts of insurance, collecting and receiving premiums for contracts of insurance, collecting and receiving premiums for contract of insurance, and other activities each of which constitutes the carrying on of insurance business in Alberta contrary to s. 17 and s. 18 of the *Insurance Act*, R.S.A. 2000, c. I-9, as amended (the "*Insurance Act*").

10. On April 2, 2001, the State of Texas issued a Cease and Desist Order to PSASL and assessed PSASL an administrative penalty of \$500,000.

11. On August 31, 2001, the State of California issued a Cease and Desist Order to PSASL.

12. **[Named Individuals]** are not licensed as insurance agents or insurance salespersons in Alberta.

13. PSASL has issued applications, policies, endorsements or renewals continuation certificates in respect of automobile insurance or financial responsibility cards that have not been approved by the Alberta Superintendent of Insurance.

14. PSASL is not licensed under the *Insurance Act* and is not eligible to obtain a license under the Act.

15. On February 4, 2002, Alberta Finance issued a consumer alert in relation to PSASL that stated, in part:

Albertans should be aware that "Financial Responsibility Pink Cards" issued by [PSASL] are not valid proof of automobile insurance. In the event of an automobile accident, drivers using PSAA Financial Responsibility, as automobile insurance may be personally liable for all damages caused in the accident. Drivers without valid licensed automobile insurance are subject to a fine of \$2,600 upon conviction by the Courts.

Similar consumer alerts have been issued in Newfoundland and Labrador, California, Connecticut and Minnesota.

AND WHEREAS the Minister is of the opinion that by the above acts or conduct, Puget's Sound Agricultural Society, Limited, **[Named Individuals]**, are committing an act or pursuing a course of conduct that does not comply with the Act.

AND WHEREAS the Minister considers, pursuant to *section 764(5)* of the *Insurance Act*, that the public interest may be prejudiced or adversely affected by any delay in the issuance of a permanent order.

THEREFORE the Alberta Superintendent orders pursuant to *Section 764(5)* of the *Insurance Act* that Puget's Sound Agricultural Society, Limited, **[Named Individuals]** ;

A. Cease from either directly or indirectly carrying on insurance business in Alberta, including selling the vehicle, burial, structure or personal property programs.

B. Remove any information relating to Alberta from the PSASL web site, information package and any other means of advertising.

TAKE NOTICE THAT Puget's Sound Agricultural Society, Limited, **[Named Individuals]**, have a right to a hearing or an appeal under Sections 764(8) of the Act.

Dated at the
City of Edmonton
Province of Alberta
This 27th day of March, 2002

[original signed]

Patricia L. Nelson,
Minister of Alberta Finance,
Province of Alberta

TO:

Puget's Sound Agricultural Society, Limited
160 – 1215 Valmont Way
Richmond, British Columbia
V6V 1Y3

[Named Individuals]

Copyright © 2002 Government of Alberta. Finance.Webmaster@gov.ab.ca