

**IN THE MATTER OF THE *FINANCIAL
INSTITUTIONS ACT*, RSBC 1996, C. 141**

and

LGM Financial Services Inc.

(Pursuant to section 244 of the *Financial Institutions Act*)

VOLUNTARY COMPLIANCE AGREEMENT

[This Agreement has been redacted before publication.]

WHEREAS the BC Financial Services Authority (“BCFSA”) completed an investigation into the conduct of LGM Financial Services Inc. (“LGM”) pursuant to an Investigation Order issued on October 20, 2023, under section 215(1) of the *Financial Institutions Act* (“FIA”);

AND WHEREAS LGM, during the period of January 1, 2021 through to November 1, 2023 inclusive, marketed, and distributed pre-paid service contract agreements identified as Secure Drive Appearance Protection Contracts (the “Contracts”) to B.C. consumers (the “Consumers”) that the Superintendent believes to be automobile insurance contracts;

AND WHEREAS the Superintendent of Financial Institutions (the “Superintendent”) is of the opinion, based on its investigation and its interpretation of the class of automobile insurance as defined pursuant to section 1(1) of the *Classes of Insurance Regulation*, BC Reg 204/2011 to the FIA, that LGM carried on the business of insurance in B.C. in relation to the Contracts without being authorized to do so as required under the FIA, thereby contravening section 75 of the FIA, all as set out in the Superintendent’s correspondence to LGM dated February 21, 2024 (the “Letter”);

AND WHEREAS LGM does not admit they breached the FIA in relation to the Contracts but acknowledges that the Superintendent is of the opinion that the alleged breach of section 75 of the FIA took place;

AND WHEREAS LGM voluntarily ceased entering into new Contracts on February 23, 2024, being two business days after receiving the Letter;



THEREFORE, the Superintendent considers it appropriate to enter into this Voluntary Compliance Agreement with LGM, pursuant to section 244(2)(g) of the FIA;

ACCORDINGLY, LGM undertakes the following:

1. To immediately cease carrying on any new business of insurance by ceasing the underwriting, marketing and distribution of any new Contracts until and unless such time as LGM is authorized to do so by BCFSA or pursuant to the FIA;
2. To ensure that any claims for indemnity by Consumers pursuant to the terms of the Contracts, will be administered according to their terms;
3. To pay to BCFSA the amount of \$5,000.00 within 30 days of the date of this Agreement in lieu of the Superintendent issuing a Notice of Administrative Penalty under section 253.1 of the FIA; and



4. To pay BCFSA partial investigative costs in the amount of \$1,700.00 within 30 days of the date of this Agreement in lieu of the Superintendent issuing an order for investigative costs to be paid under section 241.1 of the FIA.

This Voluntary Compliance Agreement may be amended with the written consent of both the Superintendent and LGM.

Agreed to at the City of Vancouver,
in the province of British Columbia, Canada.

This 23 day of July 2024

“Original signed by Drew Collier”

Authorized Signatory – LGM Financial Services Inc.

Name: Drew Collier

Title: President and CEO

Agreed to at the City of Vancouver
Province of British Columbia

This 22nd day of July 2024

“Original signed by Derrick Lau”

Authorized Signatory - BC Financial Services Authority

Name: Derrick Lau

Title: VP, Supervision