

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

**and**

**Northbridge General Insurance Corporation  
(Pursuant to sections 158(1) and 244(2) of the *Financial Institutions Act*)**

**VOLUNTARY COMPLIANCE AGREEMENT**

**[This Agreement has been redacted before publication.]**

**WHEREAS** BC Financial Services Authority ("BCFSA") conducted an examination of Northbridge General Insurance Corporation ("Northbridge") to determine if Northbridge established effective controls to prevent unlawful and improper business practices related to supplemental automobile insurance products distributed through automobile dealerships in British Columbia ("B.C.");

**AND WHEREAS** Northbridge is an extraprovincial insurance company authorized to carry on general insurance business within B.C. pursuant to the *Financial Institutions Act* ("FIA").

**AND WHEREAS** BCFSA staff completed an examination of Northbridge's oversight and monitoring of its outsourcing arrangements with select intermediaries and the distribution of supplemental automobile insurance products in B.C. (the "Examination") and has issued a Final Examination Report dated May 23, 2024, to Northbridge (the "Report");

**AND WHEREAS** the Examination found that Northbridge failed to establish and implement adequate oversight and internal controls over the distribution of supplemental automobile insurance products in B.C. by its intermediaries, which conduct might reasonably be expected to harm the interests of insureds, which is contrary to section 244 of the FIA;

**AND WHEREAS** the Examination found that Northbridge had developed and implemented some controls to prevent unlawful and improper sales of supplemental automobile insurance products but that these controls were insufficient or absent in some areas under review;

**AND WHEREAS** the Superintendent of Financial Institutions (the "Superintendent") is of the opinion, based on the Examination, that while Northbridge sold vehicle warranty insurance in B.C. without being specifically authorized to sell this particular class of insurance, thereby contravening sections 75 and 159(1) of the FIA;

**AND WHEREAS** the Superintendent is of the opinion, based on the Examination, that Northbridge failed to comply with section 91 of the FIA, as a result of its intermediaries not disclosing its identity consistently in all public facing materials;

**AND WHEREAS** Northbridge acknowledges that there were some deficiencies in its oversight and controls over the distribution of supplemental automobile insurance products in B.C. by its intermediaries, and Northbridge is and will continue taking remedial actions to address the concerns and recommendations included in the Report;

**THEREFORE**, the Superintendent considers it appropriate to enter into a Voluntary Compliance Agreement with Northbridge, pursuant to sections 158(1) and 244(2) of the FIA;

**ACCORDINGLY**, Northbridge undertakes the following:

1. To bring its sales of vehicle warranty insurance in B.C. into compliance with section 91 of the FIA by August 30, 2024.
2. Subject to BCFSA's approval process, obtain business authorization for the vehicle warranty class of insurance in order to bring its sales of vehicle warranty insurance into compliance with sections 75 and 159(1).
3. To execute and complete all actions set out in the Action Plan provided by Northbridge to BCFSA, by the target dates set out in the Action Plan or an extension, if any, of one or more of such dates granted by the Superintendent in his sole discretion.

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

Agreed to at the City of Toronto

Province of Ontario

This 2nd day of July, 2024

"Original signed by Paula Sawyers"

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**By Northbridge General Insurance Corporation, Authorized Signatory**

Name: Paula Sawyers

Sr. Vice President, General Counsel and Chief Compliance Officer

Agreed to at the City of Vancouver

Province of British Columbia

This 22nd day of July, 2024

"Original signed by Derrick Lau"

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DL ~~Joy Cheng~~ Derrick Lau  
Vice President, Supervision  
(Authorized Delegate of the Superintendent of Financial Institutions)  
BC Financial Services Authority

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