

**IN THE MATTER OF THE FINANCIAL INSTITUTIONS ACT**  
(RSBC 1996, c.141)  
(the “Act”)

and the

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
 (“Council”)

and

**JAMES MCGREGOR**  
(the “Nominee”)

and

**ON TRACK INSURANCE SERVICES LTD.**  
 (“On Track”)

and

**HAIG & ASSOCIATES INC.**  
 (“Haig”)

**NOTICE OF HEARING**

**WHEREAS** on June 12, 2018, Council made an intended decision, pursuant to sections 231, 236 and 241.1 of the Act, to impose discipline against the Nominee, On Track and Haig (collectively the “Licensees”) regarding allegations that the Licensees distributed Guaranteed Asset Protection (“GAP”) vehicle insurance to consumers through motor vehicle dealerships (“Dealerships”) that are not permitted by Council to engage in GAP insurance business;

**WHEREAS** on August 16, 2018, Council provided the Licensees with written reasons and notice of the intended decision, pursuant to section 237 of the Act; and

**WHEREAS** on August 28, 2018, the Licensees requested a hearing before Council to dispute Council’s intended decision, pursuant to section 237(3) of the Act.

**TAKE NOTICE** that Council will hold a hearing on **May 28, 29 and 30, 2019** commencing at 9:30 a.m., at Suite 300, 1040 West Georgia Street, Vancouver, British Columbia, to determine:

1. Whether the Licensees:
  - (a) failed to act in a competent manner and in accordance with the usual practice of the business of insurance and in accordance with Council’s Rules, Code of Conduct and pursuant to section 231(1)(a) of the Act;

- (b) engaged entities to conduct unlicensed insurance activities by contracting with Dealerships to promote GAP insurance, assist with the completion and submission of GAP applications to On Track, collect the GAP insurance premium and applicable sales taxes on behalf of On Track, and forward to On Track the premium remittance less a fee retained by the Dealerships (“Dealer Marketing Fee”);
  - (c) permitted the Dealerships to determine the GAP premium by allowing them to include an undisclosed Dealer Marketing Fee;
  - (d) failed to disclose to the consumer the Licensees’ relationship with the Dealerships and that compensation was paid to the Dealerships for the sale of GAP insurance; and
  - (e) failed to comply with the provisions of the Act (*inter alia*: sections 75(d), 168, 171(2), 178(1) and the Marketing of Financial Products Regulation);
2. Any other matter in relation to the promotion, distribution, and sale of GAP insurance in the circumstances; and
3. Whether the Licensees should be subject to any disciplinary or other action in the circumstances and, if so, whether Council should do one or more of the following in accordance with sections 231, 236, or 241.1 of the Act:
- (a) fine On Track an amount not more than \$20,000;
  - (b) fine Haig an amount not more than \$20,000;
  - (c) fine the Nominee an amount not more than \$10,000;
  - (d) impose conditions on the Nominee’s general insurance license;
  - (e) require On Track, Haig and/or the Nominee to pay, on a joint and several basis, Council’s investigation costs and/or the costs of this hearing; and
  - (f) take any other measures that Council deems appropriate.

**AND FURTHER TAKE NOTICE** that the Licensees may be represented by legal counsel at the hearing, make submissions, and lead evidence. Failure to attend the hearing may result in Council making a determination in the Licensees’ absence.

Dated in Vancouver, British Columbia, on the **28<sup>th</sup> day of March, 2019.**

  
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Chamkaur Cheema, Chair of the Hearing Committee  
Insurance Council of British Columbia

cc: Thea Hoogstraten, Counsel for the Insurance Council of British Columbia  
E. Peter Auvinen, Counsel for the Licensees  
Superintendent of Insurance, Financial Institutions Commission