



In the Matter of the Financial Institutions Act RSBC 1996, C. 141

-and-

BridgePoint Indemnity Company (Canada) Inc. ("BICO")

-and-

**In the Matter of Orders made June 30, 2016
pursuant to Sections 244(2) and 238**

**Undertakings of BridgePoint Indemnity Company (Canada) Inc., PBL Insurance
Brokers Canada Ltd. and Mark R. Frederick
[FIA s. 208]**

Background

BICO and BICO Product Offerings

1. BICO is incorporated in the Province of Ontario. BICO is not currently and has never been licensed or authorized to undertake the business of insurance under the *Insurance Act*, R.S.O. 1990, c. 1.8 or the *Financial Institutions Act* R.S.B.C., C. 141 (the "Act").
2. Since 2013, BICO has offered to the public by way of indemnity agreements, a range of legal cost protection products which it maintains are designed to protect plaintiffs against adverse costs consequences and provide coverage for disbursements incurred by their lawyers during the course of litigation.
3. BICO products are known as Firm Protect™, Legal Protect®, and Trial Protect® (the "Products"). Particulars of these Products include:

Firm Protect™ - constitutes the majority of BICO's indemnity Agreements, and offers disbursements and adverse costs protection to the entire range of a law firm's files, and allows a law firm to advertise that coverage to prospective clients of the firm.

**Superintendent of
Financial Institutions**

Mailing Address:
2800 - 555 West Hastings Street
Vancouver British Columbia, V6B 4N6
Telephone: 604 660-3555
Facsimile: 604 660-3365

Web Address:
www.fic.gov.bc.ca

Legal Protect[®] and Trial Protect[®] – similar products which offer BICO's disbursements and adverse costs protection to select individual files.

4. The terms and scope of coverage of these Products are individually set out in the form of an indemnity agreement developed by BICO (the "Indemnity Agreement").
5. BICO's Indemnity Agreement follows a standard payment procedure. If a plaintiff's litigation is successful, BICO is entitled to receive an indemnity fee. The indemnity fee is a pre-determined percentage of the total amount of adverse costs and disbursements that BICO agreed to indemnify the indemnitee as outlined in the Indemnity Agreement.
6. Where the litigation is unsuccessful, BICO is obliged to pay the disbursements owing to the plaintiff's counsel and adverse costs award, if one is made, to a maximum amount as outlined in the Indemnity Agreement.
7. The indemnified party does not pay any initial or monthly premium to procure BICO's protection.
8. BICO has agreements with individuals, law firms, and/or class action classes (the "Clients") to protect them against expenses including, but not limited to, adverse cost awards and disbursements ("Legal Expenses") subsisting as at July 7, 2016 (the "Agreements").

The Superintendent's Order

9. In response to an enquiry, the Financial Institutions Commission of British Columbia ("FICOM") conducted an examination of BICO's business and Products and determined that BICO was undertaking and/or carrying on the business of insurance without holding an authorization to do so contrary to s. 75 of the Act.
10. Accordingly, on June 30, 2016, the Superintendent of Financial Institutions issued a Cease and Desist Order (the "Order") which ordered BICO to:
 - a. Immediately cease and conducting insurance business in the Province of British Columbia, including the advertising, soliciting, offering, sale and adjusting of legal expenses insurance under the product names Legal Cost Protection, Legal Protect and Trial Protect;
 - b. Provide the Superintendent with a copy of every contract issued by it which insures risk located in British Columbia and is currently in force, within 10 days of the issuance of this Order; and
 - c. Arrange for the assumption of all current contracts insuring risk located in British Columbia by an authorized insurance company, at the sole

expense of BICO, and without penalty to any insured under those contracts, within 90 days of the date of the Order or otherwise deal with current contracts in a manner satisfactory to the Superintendent.

11. On July 8, 2016, BICO, filed a Request for Hearing before the Superintendent of Financial Institutions for the purposes of disputing the Order pursuant to s. 238(2) (a) of the Act.

Resolving the Order

12. BICO has formally disputed the propriety of the Order.
13. Despite the existence of this formal dispute, BICO has entered into a letter of intent dated September 13, 2016 (the "Letter of Intent") with an authorized Canadian insurer to have that insurer undertake BICO's existing and continuing business (the "Long Term Solution") as brokered by PBL Insurance Brokers Canada Limited ("PBL"), an Ontario-registered insurance broker which maintains licenses across Canada including British Columbia.
14. The authorized Canadian insurer shall be qualified by the federal Office of the Superintendent of Financial Institutions and FICOM to offer the "legal expense insurance" class of insurance, and possess all applicable approvals to conduct business in British Columbia and in other provinces where BICO currently operates.
15. BICO is receiving and expects to continue to receive requests from its Clients for payment for Legal Expenses under the Agreements ("Claims") and under the terms of the existing indemnity contracts is entitled to and expects to continue to be entitled to collect indemnity fees for the provision of coverage of Legal Expenses under the Agreements ("Fees").
16. Pending implementation of the Long Term Solution, BICO wishes to protect its Clients and ensure the continuity of business operations, and has presented an interim solution involving PBL to allow for limited services to be provided to its Clients as outlined herein (the "Interim Solution").

General Provisions

17. BICO agrees that it or a representative of it will not make representations to any members of the public or the media or in a public forum that are inconsistent with this Undertaking and the facts and matters set out herein.
18. The Undertakings below may be signed in counterparts and may be delivered by facsimile or e-mail between the parties. All such counterparts, facsimiles and e-mails as applicable shall together constitute one and the same agreement.

19. The terms of these Undertakings may be varied with agreement in writing of the Superintendent of Financial Institutions.
20. Upon acceptance by the Superintendent of Financial Institutions of the Undertakings herein, BICO agrees to adjourn its request for a hearing before the Financial Services Tribunal *sine die* pending successful completion of the Long Term Solution.
21. BICO understands that if, however, at any time FICOM or the Superintendent of Financial Institutions reasonably takes the position that BICO has contravened or failed to comply with its Undertaking herein, or that BICO is unable to implement the Long Term Solution, BICO remains free to request that the hearing before the Superintendent of Financial Institutions be proceeded with.

Effecting the Long Term Solution

22. Upon notifying FICOM that the Long Term Solution has been implemented, BICO shall withdraw its Request for Hearing before the Financial Services Tribunal and will be at liberty to request of FICOM that the FICOM Order be vacated and the Undertakings herein be dispensed with.

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UNDERTAKING
BRIDGEPOINT INDEMNITY COMPANY (CANADA) INC. ("BICO")

BICO provides the undertakings to the Superintendent of Financial Institutions as set forth below:

1. BICO will continue to abide by the terms of the FICOM Order. Specifically, BICO will continue to cease and refrain from advertising, soliciting, offering, selling and adjusting of legal expenses insurance in the Province of British Columbia under the product names Firm Protect™, Legal Protect®, and Trial Protect® or any other names, subject to the permitted exceptions outlined in this Undertaking.
2. BICO will contract with, at its sole expense, PBL, who are validly licensed in the Province of British Columbia and in all other Canadian provinces where BICO does business, and who will have the responsibilities outlined in this Undertaking and who will remain validly licensed during the entire Interim Period as is defined above.
3. BICO has retained Mark R. Frederick, Barrister & Solicitor, of Miller Thomson LLP to adjust any claims received in the Province of British Columbia, and provide direction to PBL and BICO to pay such claims as are adjudged to be valid.
4. BICO agrees that the following shall constitute the division of responsibilities between BICO and PBL and Mr. Frederick to accomplish the Interim Solution as is referred to above:
 - a. BICO shall maintain a telephone number and email address for contact by clients;
 - b. BICO shall maintain a log of all telephone calls and emails relating to Indemnity Agreement enquiries;
 - c. Any call/email arising with an enquiry to write new business shall be told by BICO that no new business can be effected, but that a new business arrangement is pending and that PBL as broker has recorded their interest;
 - d. Any call/email arising with an enquiry for any other type of insurance (i.e. professional indemnity, etc.) shall be immediately referred to PBL;
 - e. Any call/email requesting simply details of a current Indemnity Agreement – i.e. limit, fee amount, premium amount, collection details, non-interpretive matters relating to the indemnity agreements – may be answered by BICO with

any written response copied to PBL. A log will be kept by BICO of all such enquiries and responses for review by PBL;

f. Any call/email requesting an interpretation of an existing BICO Indemnity Agreement shall be directed to PBL, and BICO shall provide any necessary assistance PBL requires in order to respond;

g. Any call regarding the reporting of a new claim and any adjusting of same shall be directed to Mr. Frederick, who shall adjust the said claim and provide direction to BICO and PBL concerning payment. Mr. Frederick shall keep a detailed record of any such adjusting;

h. BICO shall issue cheques payable to PBL in trust for any claim payments due to date, which will be reviewed and logged by PBL. BICO shall keep a mirror log of such cheques. No later than the 10th working day after the end of a calendar month, PBL shall provide a written report to FICOM detailing a reconciliation of the PBL trust account in which BICO funds are deposited;

i. Subject to BICO's paying suppliers and any contractual obligations as per paragraph 5 h) below, BICO shall endorse for deposit by PBL cheques that BICO receives for payment of fees and subject to paragraph 5 h) below, PBL shall hold same in trust pending implementation of the Long Term Solution as approved by the Superintendent of Financial Institutions;

j. BICO shall generate invoices for collection of outstanding fees due that shall be payable to PBL in trust. PBL shall be copied with the invoices and shall deposit any such funds received into its trust account pending implementation of the Long Term Solution as approved by FICOM;

k. Any request for new indemnity certificates required for existing business shall be received and generated by BICO but shall be issued by PBL; and

l. To the extent that any matter is not specified herein, before taking any action, BICO shall consult with PBL for appropriate direction.


5. In addition, BICO undertakes to administer the Agreements in accordance with their terms. For greater certainty, BICO may, in conjunction with supervision provided by PBL and subject to paragraphs 6, 7, and 8 of this Undertaking concerning the payment of Claims:

a. Comply with contractual requests and direct them to PBL as applicable;

- b. Respond to lawyer/client inquiries concerning the interpretation or application of existing agreements;
 - c. Monitor the status of litigation in order to verify capital and reserve levels;
 - d. Preserve and enforce its legal and contractual rights;
 - e. Defend its commercial interests;
 - f. Permit contractual performance of BICO's existing contracts subject to direction of PBL as set out above;
 - g. Support and maintain loss reserves to pay current and future claims as reported, once confirmed;
 - h. Pay suppliers and honour contractual obligations to which BICO may, no more than one time each month, ask PBL to issue it with a cheque from trust for up to 25 pc. of accumulated trust funds; and
 - i. Advise clients of the implementation of the Long Term Solution and its status.
6. Subject to paragraph 6 below, and providing claims have been adjusted by Mr. Frederick, BICO shall be permitted to pay all valid claims arising from existing agreements as is described more fully below:
- a. BICO may immediately pay all Claims that are due and owing and have not been paid as a result of the restrictions in the Order.
 - b. After payment of the claims referenced in item (a) above, Mr. Frederick, on behalf of BICO, will thereafter be permitted to receive and adjust new claims, or existing claims which become payable in the interim.
 - c. BICO may make the payments in accordance with the adjustment decision of Mr. Frederick and the terms of this Undertaking.
7. BICO will not pay Claims during the Interim Period other than as described in paragraphs 5 and 6 herein.
8. All payments of Claims adjusted by Mr. Frederick will made by PBL on behalf of BICO after BICO has made payment to PBL in trust of funds sufficient to satisfy the Claims.

9. BICO will ensure that PBL and Mr. Frederick have full and unrestricted access to BICO's management, financial and operational information concerning its business and to BICO's management team, employees, professional advisors, and any other person that PBL, acting reasonably, believes has relevant information that will enable PBL to execute its duties.
10. BICO undertakes that should PBL cease to be licensed as an insurance broker and/or Mr. Frederick cease to be licensed as a Barrister and Solicitor in the Province of British Columbia during the Interim Period, pending replacement of PBL, BICO will immediately cease administering the Agreements defined herein and shall abide by the terms of the Interim Order until such time as a new insurance broker and/or solicitor or such other person or entity who is satisfactory to the Superintendent of Financial Institutions, is appointed.
11. If for any reason the Letter of Intent is terminated by any party, for any reason, BICO will immediately cease administering the Agreements under the terms of this Undertaking and shall abide by the terms of the Order and immediately cease engaging in the business of insurance without authorization, including advertising, soliciting, offering, selling and adjusting legal expenses insurance and it will immediately notify PBL and Mr. Frederick of same.
12. BICO, directly or through PBL or Mr. Frederick, undertakes to make available to the Superintendent data requested by FICOM including information relating to Claims, corporate documentation, and financial information.
13. BICO, directly or through Mr. Frederick or PBL undertakes to issue reports on a timely basis to the Superintendent as directed by FICOM.
14. All reports and other documents to be submitted to FICOM or the Superintendent of Financial Institutions described herein shall be sent to:

Financial Institutions Commission of British Columbia
C/O.: Sandra A. Wilkinson, Barrister and Solicitor
Ministry of Justice and Attorney General – Legal Services Branch
1301-865 Hornby St.,
Vancouver, B.C., V6Z 2G3

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15. This Undertaking takes effect on the date of receipt by the Superintendent of Financial Institution and will continue and be binding on BICO and any successor or

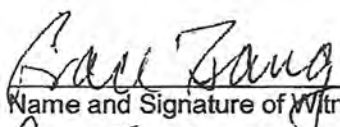
subsidiary corporations or entities until implementation of the Long Term Solution as is defined above, or January 15, 2017, whichever is earlier.

Undertaking provided this 22nd day of September, 2016




BridgePoint Indemnity Company (Canada) Inc.

Signed by: ~~John Rosses~~ ~~Stephen Pauwels~~ ^{SP}
~~Chairman and Chief Executive Officer~~ ~~President~~ ^{SP}
I have authority to bind the Corporation



Name and Signature of Witness
Grace Tsang

Received at Vancouver, Province of British Columbia, this 22 day of September, 2016



Frank Chong
Acting/Superintendent of Financial Institutions

UNDERTAKING
Concerning Interim Business
PBL INSURANCE BROKERS CANADA LIMITED ("PBL")

PBL provides the undertaking to the Superintendent of Financial Institutions as set forth below:

1. BICO has contracted with PBL, at its sole expense, and PBL is validly licensed in the Province of Ontario and in all other Canadian provinces where BICO does business, and who will have the responsibilities outlined in this Undertaking and who will remain validly licensed during the entire Interim Period as is defined above.
2. PBL has reviewed this Undertaking and those of BICO and Mark R. Frederick of Miller Thomson LLP.
3. PBL agrees that the following shall constitute the division of responsibilities between Mr. Frederick, PBL and BICO to accomplish the Interim Solution as is referred to above with regard to contracts covering risk in British Columbia:
 - a. BICO shall maintain a telephone number and email address for contact by clients;
 - b. BICO shall maintain a log of all telephone calls and emails relating to Indemnity Agreement enquiries;
 - c. Any call/email arising with an enquiry to write new business shall be told by BICO that no new business can be effected, but that a new business arrangement is pending and that PBL as broker has recorded their interest;
 - d. Any call/email arising with an enquiry for any other type of insurance (i.e. professional indemnity, etc.) shall be immediately referred to PBL;
 - e. Any call/email requesting simply details of a current Indemnity Agreement – i.e. limit, fee amount, premium amount, collection details, non-interpretive matters relating to the indemnity agreements – may be answered by BICO with any written response copied to PBL. A log will be kept by BICO of all such enquiries and responses for review by PBL;
 - f. Any call/email requesting an interpretation of an existing BICO Indemnity Agreement shall be directed to PBL, and BICO shall provide any necessary assistance PBL requires in order to respond;
 - g. Any call regarding the reporting of a new claim and any adjusting of same shall be directed to Mr. Frederick, who shall adjust the said claim and provide

direction to BICO and PBL concerning payment. Mr. Frederick shall keep a detailed record of any such adjusting;

h. BICO shall issue cheques payable to PBL in trust for any claim payments due to date, which will be reviewed and logged by PBL, who in turn shall issue the required payment cheques from its trust account. BICO shall keep a mirror log of such cheques. No later than the 10th working day after the end of a calendar month, PBL shall provide a written report to FICOM detailing a reconciliation of the PBL trust account in which BICO funds are deposited;

i. BICO shall endorse for deposit by PBL cheques that BICO receives for payment of fees pursuant to the BICO Undertaking and PBL shall hold same in trust pending implementation of the Long Term Solution as approved by the Superintendent of Financial Institutions, with the exception that BICO may, no more than one time each month, requisition from the trust account held by PBL for deposits up to 25 pc. of the deposited funds for the purpose of paying suppliers and meeting contractual obligations;

j. BICO shall generate invoices for collection of outstanding fees due that shall be payable to PBL in trust. PBL shall be copied with the invoices and shall deposit any such funds received into its trust account pending implementation of the Long Term Solution as approved by the Superintendent of Financial Institutions;

k. Any request for new indemnity certificates required for existing business shall be received and generated by BICO but shall be issued by PBL; and

l. To the extent that any matter is not specified herein, before taking any action, BICO shall consult with PBL for appropriate direction.

4. PBL will fulfill the responsibilities accorded to it in this Undertaking solely for the duration of the Interim Period or until the completion of the Long Term Solution proposed by BICO herein, whichever comes first, unless an extension of the Interim Period is granted by the Superintendent of Financial Institutions after a request for an extension is submitted to the Superintendent of Financial Institutions by BICO.
5. Should PBL cease to be licensed as an insurance broker in the Province of British Columbia during the Interim Period, PBL will immediately cease administering the Agreements under the terms of this Undertaking and shall report the fact of its unlicensed status to FICOM. For greater clarity, the Interim Period terminates on January 15, 2017 at 11:59:59 Toronto, Ontario time.
6. Should PBL be obstructed by BICO in any way or come to understand that BICO is not complying with its Undertaking herein, it will immediately cease administering the Agreements on behalf of BICO, including performing the responsibilities outlined in paragraph 3 of this Undertaking and report this to FICOM.

7. PBL undertakes to make available to FICOM data requested by FICOM including information relating to Claims, corporate documentation, and financial information.
8. PBL undertakes to issue reports on a timely basis to FICOM as directed by FICOM.
9. If for any reason the Letter of Intent is terminated by any party to it, PBL must immediately cease administering the Agreements on behalf of BICO, including performing the responsibilities outlined in paragraph 3 of this Undertaking.
10. PBL must provide a copy of this Undertaking to the Registered Insurance Brokers of Ontario before it commences its duties.
11. All reports, requests for approval, and other documents to be submitted to the Superintendent described above shall be sent to:

Financial Institutions Commission of British Columbia
C/O.: Sandra A. Wilkinson, Barrister and Solicitor
Ministry of Justice and Attorney General – Legal Services Branch
1301-865 Hornby St.
Vancouver, B.C., V6Z 2G3



12. This Undertaking takes effect immediately and will continue and be binding on PBL and any successor or subsidiary corporations or entities until implementation of a Long Term Solution as is defined above.

Provided this 23rd day of September, 2016

A blue ink signature scribble, appearing to be a stylized 'S' or similar mark, written over a horizontal line.

PBL Insurance Brokers Canada Limited

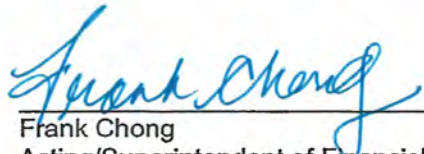
Signed by

Designated Broker for RIBO purposes

I have authority to bind the Corporation

Stephanie Kirby
Name and Signature of Witness
Stephanie Kirby

Received at Vancouver, Province of
British Columbia, this 22 day of
September, 2016



Frank Chong
Acting/Superintendent of Financial
Institutions


UNDERTAKING OF MARK R. FREDERICK

I, Mark R. Frederick, Barrister and Solicitor, of the law firm Miller Thomson LLP, hereby acknowledge and undertake as follows:


1. I have read the above document including the undertakings of BICO and PBL above.
2. I hereby agree to adjust any claim presented to BICO, and provide directions to pay any such valid claim presented to BICO, who shall cause funds to be lodged with PBL for the purpose of paying such claims.
3. I hereby agree to provide FICOM with a report summarizing my adjusting efforts pursuant to this Undertaking if and when requested to do so by FICOM and to co-operate with FICOM for any enquiry that they may make.
4. This Undertaking will remain in place until January 15, 2017 or upon the implementation of the Long Term Solution described above, whichever is earlier.
5. I further agree to continue adjusting any claim referred to above for such time as the Superintendent of Financial Institutions agrees to extend the time required to effect the Long Term Solution referred to above.

Provided at Toronto, this 22nd day of September, 2016.


Witness
BAKTASH WASEIL


Mark R. Frederick

Received at Vancouver, Province of
British Columbia, this 22 day of
September, 2016


Frank Chong
Acting/Superintendent of Financial
Institutions

**AMENDMENT NO.1
TO
UNDERTAKING PROVIDED BY PBL INSURANCE LIMITED**

THIS AMENDMENT NO. 1 TO UNDERTAKING PROVIDED BY PBL INSURANCE LIMITED ("Amendment No. 1") is made this 30th day of September, 2016 ("Amendment Effective Date") by and between PBL Insurance Limited, a company incorporated and existing under the laws of the Province of Ontario ("PBL") and the Acting/Superintendent of Financial Institutions ("BC Superintendent"). PBL and the BC Superintendent are collectively referred to in this Amendment as "Parties" and individually as a "Party".

WHEREAS, the Parties entered into that certain Undertaking dated September 23, 2016 ("PBL Undertaking") to implement a plan satisfactory to the Superintendent in connection with a Cease & Desist Order dated June 30, 2016 issued by the BC Superintendent against BridgePoint Indemnity Company (Canada) Inc. ("BICO");

AND WHEREAS, BICO has also provided an undertaking to the BC Superintendent to implement a plan satisfactory to the Superintendent in connection with the said Cease & Desist Order;

AND WHEREAS the Parties and BICO wish to enter into this Amendment No. 1 in order to amend certain provisions of the PBL Undertaking;

NOW THEREFORE, in consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Defined Terms.**

Capitalized terms used in this Amendment No. 1 but not otherwise defined herein shall have the meanings ascribed to them in the PBL Undertaking.

2. **Amendments.**

The PBL Undertaking shall be amended as follows:

- 2.1.1 All references to "PBL Insurance Brokers Canada Limited" or "PBL Insurance Brokers Canada Ltd." shall be deleted and replaced with "PBL Insurance Limited".

3. **Miscellaneous.**

3.1 This Amendment No. 1 amends the PBL Undertaking with effect from the Amendment Effective Date and save as otherwise provided in this Amendment No. 1, no other terms of the PBL Undertaking shall be affected and the PBL Undertaking shall continue in full force and effect. After the Amendment Effective Date, any reference to the "PBL Undertaking" shall mean the PBL Undertaking as amended herein.

3.2 This Amendment No. 1 and the PBL Undertaking are intended to be read and construed in harmony with each other, but in the event any provision in the PBL Undertaking conflicts with any provision of this Amendment No. 1, then this Amendment No. 1 shall be deemed to control, and such conflicting provision, to the extent it conflicts, shall be deemed removed and replaced with the governing provision herein.

3.3 This Amendment No. 1 may be executed in any number of counterparts, each of which when so executed shall be deemed an original and all of which taken together shall constitute one and the same

document. The counterparts may be executed and delivered by facsimile, email or other electronic method by any of the Parties and the receiving Party may rely on the receipt of such document so executed and delivered by facsimile, email or other electronic means as if the original had been received.

3.4 This Amendment No. 1 shall be governed by and construed in accordance with the laws of the Province of British Columbia.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed by their duly authorized officers or representatives as of the Amendment Effective Date.

WITNESS

Name: A. Bafaro
Amanda Bafaro

BRIDGEPOINT INDEMNITY COMPANY
(CANADA) INC.

Name:
Title:

[Signature]
John Ross
PRINCIPAL
I have authority to bind the Corporation.

WITNESS

Name: Stephanie Kirby
Stephanie Kirby

PBL INSURANCE LIMITED

Name:
Title:

[Signature]
Designated Broker for RIBO Purposes
I have authority to bind the Corporation.

Received at Vancouver, Province of British Columbia, this 30 day of September, 2016.

[Signature]
Frank Chong
Acting/Superintendent of Financial Institutions