



## **Sovereign General Refutes AMF Allegations**

**Calgary, AB, January 17, 2006** – The Sovereign General Insurance Company was stunned last week by accusations from the Autorité des Marchés Financiers (AMF). AMF alleges that Sovereign General would be complicit in supposedly unlicensed insurance transactions in Quebec by broker Flanders Insurance Management and Administrative Services Ltd. On January 12, 2006, the AMF posted notices of indictment against the two companies and a Flanders executive, seeking a total of \$1.11 million in fines, including \$560,000 against the Sovereign General.

The Sovereign General refutes and denies these allegations and will mount a vigorous defence to the charges.

"The Sovereign General was blindsided by these accusations. We take this matter very seriously and will defend ourselves", said Peter Parkin, senior vice-president and chief operating officer of Sovereign. "We are confident that these charges will not hold up."

The Sovereign General believes it is regrettable that AMF chose to proceed to indictments instead of pursuing the dialogue subsequent to initial inquiries it made on April 28, 2005. Sovereign General responded to the inquiries on June 10, 2005 but heard nothing further. Legal counsel has been retained and will pursue the vigorous contestation of these notices of indictment.

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