

Sovereign General Statement on Recent Court of Quebec Decision

Calgary, AB, December 2, 2008 – The Sovereign General expressed surprise and disappointment today at the Court of Quebec Penal Division’s recent judgment against it in relation to accusations by the Autorité des Marchés Financiers (AMF) of complicity in supposedly unlicensed insurance transactions in Quebec by broker Flanders Insurance Management and Administrative Services Ltd. The Sovereign General categorically denies the allegations and plans to appeal the decision.

It was, and remains, the Sovereign General’s opinion that the transactions in this case were conducted in Ontario, not Quebec. We are also aware that regulators in other provinces have looked into this scenario and found it to be entirely legal.

The AMF inquired about this matter in April 2005, and the Sovereign General responded on June 10, 2005. Having heard no subsequent concerns from the AMF, and based on the understanding that these transactions were appropriate, the Sovereign General did not change its practices.

The Sovereign General is perplexed with the decision and plans to appeal.

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