

**IN THE MATTER OF THE FINANCIAL INSTITUTIONS ACT  
R.S.B.C. 1996, C. 141**

**AND**

**WEST COAST PROTECTION WARRANTY INC.**

**Doing business as WEST COAST AUTO PROTECTION WARRANTY INC.**

**and also doing business WEST COAST AUTO WARRANTY INC.**

**AND**

**SEA WON PAK  
(aka STEVEN PARK)**

**ORDERS UNDER SECTIONS 244(2) AND 238(1), AND**

**NOTICE OF RIGHT OF HEARING OR APPEAL  
UNDER SECTIONS 238(2) AND 242**

UPON REVIEWING THE SUBMISSIONS AND EXHIBITS OF STAFF, it appears to the Superintendent of Financial Institutions (the "Superintendent") that:

**Background**

1. West Coast Protection Warranty Inc. ("WCP") is a company registered in British Columbia with a registered and records office at 201 – 1062 Austin Avenue, Coquitlam, BC. Young Park ("Young") is currently the sole director of WCP. Steven Park is the former director.
2. Neither West Coast Auto Protection Warranty Inc. ("WCAPW") nor West Coast Auto Warranty Inc. ("WCAI") are registered companies in British Columbia.
3. WCP, WCAPW, and WCAI, are not authorized insurance companies in British Columbia and therefore are not permitted to conduct insurance business in the Province.
4. WCP, WCAPW, and WCAI, are not licensed insurance agencies in British Columbia and therefore are not permitted to solicit insurance, including vehicle warranty insurance products in the Province.

5. Sea Won Pak, who is also known as Steven Park ("Park") is not a licensed insurance agent in British Columbia and therefore is not permitted to solicit insurance, including vehicle warranty insurance products in the Province.

### **Complaint**

6. On or about October 26, 2011, the Superintendent of Financial Institutions (the "Superintendent") received a complaint about a possible uninsured vehicle warranty insurance program doing business in the Province of British Columbia. On November 7, 2011, in support of the complaint, the following information was forwarded to the Superintendent's staff ("Staff"):

- (a) Brochure (the 'Brochure') which includes the following information:
  - (i) The Brochure was issued by "West Coast Auto Protection Warranty Inc.", with a logo that reads "West Coast Auto Warranty Inc."
  - (ii) The Brochure included contact information as follows:

West Coast Auto Protection Warranty Inc.

#201 – 1062 Austin Avenue, Coquitlam, BC  
Tel: 778-355-8800  
Fax: 778-355-8810

Website: [wcautowarranty.com](http://wcautowarranty.com)
  - (iii) WCAPW provides "coverage" for "your vehicle anywhere in Canada and continental United States."
  - (iii) Covered items were listed as: engine, transmission, transaxle, differential, secondary differential and transfer case. A list of "components not covered" was also given.
  - (iv) In the event of a "covered breakdown", WCAPW would pay or reimburse for car rental, taxi or public transportation expenses and trip interruption (subject to some restrictions). In addition, 24-hour emergency road service was also available.
  - (v) "WCAPW will handle your claim quickly and efficiently. Repair costs are paid directly to the repair facility on authorized services..."

- (vi) "In the event you choose to sell your vehicle the coverage is fully transferable to the next owner for the remainder of the Warranty Program term."
  - (vii) "Programs have a choice of \$100 deductible per repair visit, plus applicable taxes..."
  - (viii) "The contents provided in this brochure are only a summary of certain terms and conditions of the Warranty Programs. Please refer to actual Program Contract for complete details of coverage and exclusions."
- (b) A copy of the "Vehicle Warranty Program Application Form/Contract" with the same "West Coast Auto Warranty Inc." logo which appears on the Brochure (the "Contract"). The Contract includes the following information:
- (i) The upper right hand corner of The Contract reads "Policy Number", next to which has been stamped "No. 000351".
  - (ii) The Contract is "administered by West Coast Auto Protection Warranty Inc." for which the following contact information is given:  
  
#201 – 1062 Austin Avenue, Coquitlam, BC  
Tel: 778-355-8800  
Fax: 778-355-8810  
  
Website: [wcautowarranty.com](http://wcautowarranty.com)
  - (iii) Under the heading "Program Information", the applicant is asked to select from one of the following: Bronze Protection Series; Silver Protection Series; or Gold Protection Series. In selecting a series, the applicant must fill in the following information: "years", "kms per" and "claim limit."
  - (iv) The Contract requires the applicant to maintain the vehicle in accordance with a maintenance schedule. "If the [maintenance schedule] is not adhered to, we shall have no obligation under this warranty..."
  - (v) "The Deductible for each covered repair is \$100 unless the Zero Deductible Option is selected and paid for by the Policy Holder(s)."
  - (vi) "The total claim limit over the term of this Policy shall not exceed \$35,000 (CAD) or the purchase price of the Vehicle (excluding taxes), whichever is the lesser."

- (vii) "During the period of this Policy...the Policy Holder(s) may transfer any remaining benefit(s) of this Policy to the subsequent owner of the Vehicle."
- (viii) "This Policy may be renewable, in whole or in part, for a further period by the Policy Holder(s) and he, she or they may be contacted for renewal."
- (c) "Vehicle Warranty Programs Confidential Dealer Price List" (the "Pricing List"), with "Prices Effective September 1, 2011." The logo on the Pricing List reads "West Coast Auto Warranty Inc." The Pricing List includes the following information:
  - (i) It advertises three levels of coverage: "Bronze Protection Series", "Silver Protection Series" and "Gold Protection Series."
  - (ii) Under each of the three series, four different levels of coverage are offered depending on contract term (1, 2, 3 or 4 years) and kilometers.
- (d) Business card with the "West Coast Auto Warranty Inc." logo with the following information:

West Coast Auto Protection Warranty Inc.  
#201 – 1062 Austin Avenue  
Coquitlam, BC V3K 3P3

Steve Park  
Western Division

### **Investigation**

7. On February 23, 2012, Investigator Morgan Brewster ("Brewster") reviewed the website at [www.wcutowarranty.com](http://www.wcutowarranty.com), which included the following information:

- (a) Under the heading "About Us" it reads:

"West Coast Auto Protection Warranty is a company offering our customers a fresh new way of innovative automotive warranty protection for your hard earned vehicle.

Our knowledgeable sales staff will get you into the right policy that best suits your needs at a price that is right for you.

...

All warranty programs are both transferable and renewable.

West Coast Auto Protection Warranty offers a no hassle claims procedure to all of it's [sic] customers...

Our coverage is secure. Should a break down occur simply phone our toll free claims line (8-888-793-1538) and let your break down be our break down."

- (b) Under the heading "Programs", the terms and purchase price for each of the Bronze Protection Series, Silver Protection Series and Gold Protection Series is provided. Next to each is the option to click on "buy", which in turns leads to a form that requests the purchaser's personal information. Once the user clicks the checkbox titled "Rread [sic] and Agree abocve [sic] agreement" and clicks the "Confirm" button, the webpage directs to a checkout page.
8. On January 13, 2012, Brewster placed a pretext call to one of the numbers posted on [www.wcautowarranty.com](http://www.wcautowarranty.com), and spoke with a man who identified himself as Park. Park stated West Coast Auto Protection was a local company with an office "back East". Park then said that he was busy and told Brewster to call D█████ W█████ ("W█████") at 604-792-2211.
  9. Brewster called the number provided by Park and a man answered "City Transmission." Brewster asked for W█████, but was told that he was not available.
  10. Brewster then received a call back from Park at which time Park advised as follows:
    - (a) After inquiring about the make, model and year of Brewster's vehicle, Park explained about the various packages available (Bronze, Silver or Gold).
    - (b) Park advised that they were located in Coquitlam.
    - (c) When asked who the underwriter was, and who would pay any claim made, Park advised "Oh, there is a main outfit down east, but we have a recommended place in Vancouver, Newton and Chilliwack, three places and you phone this number, any number, same number, you claim and get a claim number, and get it at three recommended place [sic] in B.C...."

11. On January 23, 2012, Brewster attended eight used car dealerships in Chilliwack, British Columbia. At one of these locations, Canadian Automotive Clearing Centre Ltd., a WCAPW brochure and 2012 calendar were displayed on the counter.
12. On January 23, 2012, Brewster attended City Transmission located at 45686 Yale Road, Chilliwack under the pretext of a general transmission repair question. An employee who identified himself as W█████ met with Brewster, saying that it was "his shop".
13. While at City Transmission, Brewster noticed that there were numerous WCAPW brochures and calendars on display. W█████ advised Brewster that he was a dealer of WCAPW warranties and that he knew "the claims guy", although he was unsure of that person's name.
14. On January 26, 2012, Brewster attended nine used car dealerships in New Westminster and learned the following:
  - (a) All nine dealerships had been approached by a WCAPW salesperson in late December, 2011 who asked that he be allowed to leave WCAPW brochures and calendars on display.
  - (b) Four of the dealerships were displaying WCAPW brochures on their premises.
  - (c) A representative of Larsa Motors Ltd. had been given a promotional package in December 2011 which consisted of the Brochure, the Contract, the Pricing List and the business card of R█████ T█████ ("T█████"). T█████ is identified on the business card as being the "Business & Account Manager" for WCAPW.
15. On January 30, 2012, Brewster and Investigator Michael McTavish ("McTavish") interviewed T█████ who advised as follows:
  - (a) He has known Park for approximately 10 years, and was hired by him in November 2011 to work as a salesperson for WCAPW.
  - (b) He was asked by Park to attend car dealerships and ask them to offer 1, 2 and 3-year WCAPW extended automotive warranties. The dealer would make money by marking up the price of the warranty product sold.
  - (c) He worked for WCAPW for five weeks, ending December 2011.
  - (d) He has distributed copies of the Brochure, the Contract and the Pricing List in New Westminster and Richmond.

- (e) If there were any problems or claims, dealers could contact W [REDACTED] at Chilliwack Transmission, which is owned by Park.
  - (f) The 24-hour claim number is connected to the phone in Park's Coquitlam office, although the office is not staffed 24 hours a day.
  - (g) Park had told T [REDACTED] that the idea behind the company was to drive business to Chilliwack Transmission. Park indicated that he would "talk a customer out of it" and use "general wear and tear" as a reason for why the customer had to pay for the repairs as warranty coverage did not apply.
  - (h) He is not aware of any claims processing mechanism which is in place.
16. On January 30, 2012, Brewster and McTavish interviewed Park. At that time, Park advised:
- (a) His legal name is Sea Won Pak, although he uses the name Steven Park.
  - (b) He purchased Chilliwack Transmission in 2007.
  - (c) In fall 2011, together with W [REDACTED] (who is his son-in-law), he started WCAPW.
  - (d) He does not have any warranty customers.
  - (e) He is the only one who answers the 24-hour emergency/claims telephone line.
  - (f) Chilliwack Transmission is now known as City Transmission, as Park's daughter and W [REDACTED] took it over.
  - (g) West Coast Protection Warranty Inc. is a registered company, however they also do business under the names West Coast Auto Protection Warranty Inc., and West Coast Auto Warranty Inc.
  - (h) Young, who is the sole director of WCP, is Park's wife. Park "put the company in [his] wife's name".
  - (i) WCP has a bank account with the [REDACTED] on Vedder Road in Chilliwack. No money has been deposited into this account to date.
  - (j) A customer contacted Park in early January 2012 stating that he had purchased a warranty through a dealership in Surrey, but Park had no record of that policy, nor does he know which dealership sold it.

- (k) Any potential warranty claim would be paid from the combined financial resources of Park, W██████ and City Transmission.
- (l) Anyone purchasing a warranty through the internet would first pay, and then remit paperwork by printing the agreement, signing it and sending in a paper copy.
- (m) Any money received through the website would be directly deposited via Pay Pal into WCP's ██████████ account.
- (n) Park is unsure how many or which dealerships are selling WCAPW products.

**Legislation**

17. Section 168 of the *Financial Institutions Act* (the "Act") defines "insurance agent" for licensing purposes as follows:

*168 In this Division, unless the context otherwise requires,*

...

*"insurance agent" means a person, other than an insurance company or an extraprovincial insurance corporation, who solicits, obtains or takes an application for insurance, or negotiates for or procures insurance, or signs or delivers a policy, or collects or receives a premium;*

...

18. Section 1 of the Act defines "insurance business" as follows:

*"insurance business" means*

- (a) *undertaking or offering to undertake to indemnify another person against loss or liability for loss in respect of a certain risk or peril to which the object of the insurance may be exposed,*
- (b) *soliciting or accepting any risk,*
- (c) *soliciting an application for a contract of insurance,*
- (d) *issuing or delivering a*



- (i) receipt for any contract of insurance, or
- (ii) contract of insurance,
- (e) in consideration of any premium or payment, granting an annuity on a life or lives,
- (f) collecting or receiving any premium for a contract of insurance,
- (g) adjusting any loss covered by a contract of insurance, or
- (h) advertising for any business described in paragraphs (a) to (g),

*whether or not the person undertaking an activity or activities set out in paragraphs (a) to (h) can or does distribute any gain, profit or dividend, or otherwise disposes of the person's assets, to a member or shareholder of the person other than during winding up or on dissolution;*

19. Section 1(5) of the Act reads as follows:

*1(5) An activity referred to in paragraph (a) of the definition of "insurance business" in subsection 91), whether or not the activity is conducted in British Columbia, is conclusively deemed for the purposes of the Act to constitute the carrying on of insurance business in British Columbia if the risk or peril is located in British Columbia.*

20. Section 75 of the Act prohibits unauthorized insurance business in British Columbia:

*75 A person must not carry on insurance business in British Columbia unless the person is*

- (a) *an insurance company or extraprovincial insurance corporation that has a business authorization to carry on insurance business,*
- (b) *a company registered under the Insurance (Captive Company) Act,*
- (c) *a member of a reciprocal exchange as defined in section 186 for which a permit under section 187 has been issued and is in effect,*
- (d) *licensed under Division 2 of Part 6 as an insurance agent, insurance salesperson, insurance adjuster or employed*

*insurance adjuster and is carrying on the insurance business only in that capacity,*

- (e) *the deposit insurance corporation, the Canada Deposit Insurance Corporation or the Insurance Corporation of British Columbia,*
- (f) *an insurer*
  - (i) *[Repealed 2004-48-48.]*
  - (ii) *that administers an insurance compensation plan designated by regulation for the purpose of section 66(2),*
- (g) *a society described in section 193(1)(a) to (g) that, immediately before September 15, 1990, was carrying on the business of insurance,*
- (h) *a credit union that is carrying on insurance business only by making or participating in contracts of insurance as permitted by section 82 of the Credit Union Incorporation Act, or*
- (i) *a central credit union that is carrying on insurance business only by providing or arranging insurance as permitted by section 90(2) of the Credit Union Incorporation Act.*

21. Section 171 of the Act prohibits unlicensed insurance agent activity in British Columbia:

- 171 (1) *[Repealed 2004-48-79.]*
- (2) *A person must not act in British Columbia as an insurance agent or insurance salesperson unless the person is licensed as an insurance agent or insurance salesperson, as the case may be.*
- (3) *Subsection (2) does not apply to a person or class of persons exempted by the regulations.*

22. "Insurance" is defined in section 1 of the *Insurance Act* as follows:

**"insurance"** *means the undertaking by one person to indemnify another person against loss or liability for loss in respect of a certain risk or peril to which the object of the insurance may be exposed, or to pay a sum of money or other thing of value on the happening of a certain event;*

23. None of the companies (WCP, WCAPW, WCAI) or Park qualify for any of the legislative exemptions from licensing or business authorizations under the Act, the *Insurer Exemption Regulation* and the *Insurance Licensing Exemptions Regulation*.
24. A contract providing an extended warranty for loss of or damage to a motor vehicle arising from mechanical failure is considered to be a "vehicle warranty insurance" contract as defined under section 2 of the *Insurance Classes Regulation*:

2 *For the purpose of the Act and of the Financial Institutions Act except for section 174 of the Financial Institutions Act, each of the classes defined below shall be deemed to be a distinct class of insurance:*

...

**"vehicle warranty insurance"** means insurance, not being insurance included in or incidental to automobile insurance, against loss of or damage to a motor vehicle arising from mechanical failure, that is contracted between the purchaser of the motor vehicle and an insurer whereby the insurer undertakes for a specific period to assume the cost of repairs or replacement, towing fees, car rentals and accommodation as a result of a covered mechanical failure;

Therefore, conducting vehicle warranty insurance business is conducting insurance business under the provisions of the Act.

25. Section 244 of the Act states:

244 (1) *In this section, "committing an act or pursuing a course of conduct" includes failing or neglecting to perform an act or failing or neglecting to pursue a course of conduct.*

(2) *If, in the opinion of the commission, a person is committing an act or pursuing a course of conduct that*

(a) *does not comply with this Act, the regulations or the Company Act as it applies for the purposes of this Act,*

...

(c) *might reasonably be expected to result in a state of affairs not in compliance with this Act or the regulations, with the Company Act as it applies for the purposes of this Act or, in the case of an extraprovincial corporation, with the Business Corporations Act,*

...

*then, the commission may*

(f) *order the person to*

(i) *cease doing the act,*

(ii) *cease pursuing the course of conduct, or*

(iii) *do anything that the commission considers to be necessary to remedy the situation, or...*

26. I find that the products being offered for sale by WCP, WCAPW, WCAI and Park fall within the definition of "insurance", more specifically, "vehicle warranty insurance" and as such the provision of such products constitutes insurance business as defined in the Act.

27. I find that West Coast Protection Warranty Inc., West Coast Auto Protection Warranty Inc. and West Coast Auto Warranty Inc. have been carrying on insurance business in British Columbia when not authorized or licensed to do so, contrary to section 75 of the Act by:

(a) offering to provide vehicle warranty insurance and accepting insurance risk in British Columbia;

(b) advertising vehicle warranty insurance for sale in various car dealerships and at City Transmission in British Columbia;

(c) by offering British Columbians vehicle warranty insurance for sale over the internet.

28. I find that Park, who says that he started WCP in conjunction with his son-in-law, is a directing and controlling mind of WCP, and that he is conducting the affairs

of WCP in a way that might reasonably be expected to result in non compliance with the Act by conducting unauthorized insurance business in British Columbia.

29. I find that West Coast Protection Warranty Inc., doing business as West Coast Auto Protection Warranty Inc. and doing business as West Coast Auto Warranty Inc. and Park have acted as unlicensed insurance agents, contrary to section 171 of the Act by:

(a) offering vehicle warranty insurance for sale in British Columbia to British Columbians.

30. I agree with Staff that a hearing would require at least 8 witnesses and would take at least 4 days to complete, and could not be held for at least 7 weeks due to scheduling of parties, witnesses, counsel and the hearing officer.

31. The unauthorized and unlicensed conduct of the parties is recent and ongoing, with the website offering these products for sale still operational as recently as February 23, 2012. As a result, a summary order to cease and desist is warranted pursuant to section 238(1)(b) of the Act since the length of time that would be required to hold a hearing would be detrimental to the due administration of the Act and would likely result in further non-compliance with the Act, which would harm the reputation of the British Columbia insurance industry and would be detrimental to the public interest.

WHEREAS the Financial Institutions Commission has delegated to the Superintendent the powers and duties under section 244 of the Act in the Instrument of Delegation executed December 18, 2009;

NOW THEREFORE the Superintendent orders pursuant to Sections 244(2)(a),(c) and (f), and 238 of the Act that:

(1) The following cease from the conduct of insurance business in the Province of British Columbia, including insurance business related to vehicle warranty insurance:

(a) West Coast Protection Warranty Inc.;

(b) West Coast Auto Protection Warranty Inc; and

(c) West Coast Auto Warranty Inc.

- (2) That Park direct his companies to cease from engaging in insurance business in the province of British Columbia including insurance business related to vehicle warranty insurance.
- (3) The following cease from acting as unlicensed insurance agents in the Province of British Columbia:
  - (a) West Coast Protection Warranty Inc.;
  - (b) West Coast Auto Protection Warranty Inc.;
  - (c) West Coast Auto Warranty Inc.; and
  - (d) Sea Won Pak (aka Young Park and aka Steven Park).
- (4) That West Coast Protection Warranty Inc., West Coast Auto Protection Warranty Inc., West Coast Auto Warranty Inc. and Park provide the Superintendent with the following information which is currently in their possession and, in future, as it comes into their possession:
  - (a) the name(s) and address(es) of any purchasers of vehicle warranty insurance which they have sold; and
  - (b) copies of any vehicle warranty insurance contracts entered into by West Coast Protection Warranty Inc., West Coast Auto Protection Warranty Inc., West Coast Auto Warranty Inc. and Park.

**TAKE NOTICE THAT** West Coast Protection Warranty Inc., doing business as West Coast Auto Protection Warranty Inc., and doing business as West Coast Auto Warranty Inc., and Park may request a hearing before the Superintendent under section 238(2)(a) of the *Act* or appeal to the Financial Services Tribunal under section 238(2)(b) of the *Act*.

Dated at the  
City of Surrey,  
Province of British Columbia  
this 7<sup>th</sup> day of February, 2012.

*MAREN MARCH 16/12  
CR*



Carolyn Rogers  
Superintendent of Financial Institutions  
Province of British Columbia

TO:

West Coast Protection Warranty Inc.  
Doing business as West Coast Auto Protection Warranty Inc.  
And doing business as West Coast Auto Warranty Inc.  
201 – 1062 Austin Avenue  
Coquitlam, BC  
V3K 3P3

Sea Won Pak (aka Steven Park)

