

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
MANITOBA, PRINCE EDWARD ISLAND,
NEW BRUNSWICK AND NEWFOUNDLAND

- and -

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

- and -

IN THE MATTER OF
GENERAL LIFE INSURANCE COMPANY LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Prince Edward Island, New Brunswick and Newfoundland (the "Jurisdictions") has received an application from General Life Insurance Company Ltd. ("GLIC") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the prospectus and registration requirements contained in the Legislation shall not apply to the proposed issuance from time to time by GLIC of Participation Shares of GLIC to certain persons known as Dealers or their Associates (each as defined herein);

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief (the "System"), the Alberta Securities Commission is the principal regulator for this Application;

3. AND WHEREAS it was represented by GLIC to the Decision Makers that:

3.1 GLIC was incorporated pursuant to the laws of Barbados on April 28, 1992;

3.2 GLIC's share capital consists of:

3.2.1 an unlimited number of common shares without nominal or par value, of one class, of which 6,000 shares are issued and outstanding;

3.2.2 an unlimited number of redeemable participation shares (the "Participation Shares") without nominal or par value, issuable in separate class of 100 shares in each such class, of which as of December 31, 1998, 2,100 shares are issued and outstanding (representing 21 separate classes); and

3.2.3 an unlimited number of Class "A" Redeemable Preferred Non-Voting Shares without par value, of which as of December 31, 1998, 1,236,485 shares are issued and outstanding;

3.3 GLIC is not at present, and does not intend to become, a reporting issuer or the equivalent thereof under applicable Legislation;

3.4 the common shares were originally issued to MIC Life Insurance Corporation and were all subsequently transferred to Western Foundation Inc. when the Applicant was sold by MIC Life Insurance Company to Western Foundation Inc. In December of 1995;

3.5 the Participation Shares have been issued since the date of incorporation pursuant to statutory exemptions in the Jurisdictions as follows:

- 3.5.1 7 subscribers in Ontario;
- 3.5.2 7 subscribers in Alberta;
- 3.5.3 3 subscribers in British Columbia;
- 3.5.4 2 subscribers in Saskatchewan;
- 3.5.5 1 subscriber in Manitoba;
- 3.5.6 1 subscriber in Nova Scotia.

3.6 the 1,236,485 Class "A" Redeemable Preferred Non-Voting Shares have issued as stock dividends to the holders of the Participation Shares pursuant to the Articles of Incorporation of GLIC;

3.7 GLIC's sole business is the reinsurance of credit life and disability insurance issued by First Canadian Insurance Company ("FCIC"), an Alberta corporation, in the business of providing credit life and disability insurance written on the sale or lease of motor vehicles in Canada;

3.8 to date, GLIC has issued Participation Shares to eligible purchasers pursuant to statutory exemptions contained in the Legislation. To qualify as an eligible purchaser, a purchaser must be a Dealer or an Associate of a Dealer ("Eligible Purchaser");

3.9 a Dealer is a person, partnership or corporation which has entered into a written agreement with a motor vehicle manufacturer to sell or lease the manufacturer's new vehicles in Canada;

3.10 an Associate of a Dealer is defined as follows:

- (a) any person to whom a Dealer is married;
- (b) any son or daughter of a Dealer;

(c) any trust or estate in which a Dealer and/or any of the persons mentioned in paragraphs (a) or (b) above collectively have a 100% beneficial interest (excluding contingent interest) or as to which a Dealer serves as a trustee or in a similar capacity;

(d) any company of which a Dealer beneficially owns, directly or indirectly, either individually or together with the persons mentioned in paragraphs (a), (b) or (c) above, 100% of the holding rights attached to all voting securities of the company for the time being outstanding;

(e) any "Holder" (which is defined as any shareholder of a Dealer who owns beneficially, directly or indirectly, voting securities carrying at least 50% of the voting rights attached to all outstanding voting securities of the Dealer, and who is an employee, officer or director of such Dealer, or, in the event that the Dealer is a partnership, any partner of the Dealer);

(f) any person to whom a Holder is married;

(g) a son or daughter of a Holder; and

(h) any trust or estate in which a Holder is a person mentioned in paragraphs (f) and (g) above, have a 100% beneficial interest (excluding contingent interest) or as to which a Holder serves as trustee or in a similar capacity;

3.11 there is no maximum number of Participation Shares that may be sold by GLIC. GLIC intends on issuing the Participation Shares on a continuous basis to Eligible Purchasers as such parties qualify as Eligible Purchasers. As GLIC cannot predict the total number of Eligible Purchasers who will subscribe for Participation Shares, GLIC requires an order of the Decision Makers because there is no exemption under the Legislation which would allow for the continuous offer and issuance of the Participation Shares;

3.12 any Participation Shares issued to Eligible Purchasers are subject to resale restrictions that prohibit the Eligible Purchaser from selling the Participation Shares to any other party except another Eligible Purchaser approved by GLIC;

3.13 GLIC has agreed to provide each Eligible Purchaser with the following information documents (collectively referred to hereafter as the "Information Documents"):

3.13.1 a subscription agreement;

3.13.2 the constating documents and by-laws of the Company;

3.13.3 an information memorandum document pertaining to GLIC describing, among other things, the method by which revenues, expenses and losses will be allocated to the holders of the Participation Shares; and

3.13.4 the name of a contact person with whom the Eligible Purchaser may contact to discuss the potential purchase of the Participation Shares;

3.14 Participation Shares will only be offered to Eligible Purchasers who are, in the opinion of the management of FCIC of a size and have the experience necessary to take on the risk associated with an investment in the Participation Shares. The management of FCIC have over 25 years in the motor vehicle sales and leasing business;

3.15 only the management of FCIC shall be entitled to offer the Participation Shares and such persons shall not receive a commission, brokerage fee or any other compensation with respect to the sale of the Participation Shares;

4. AND WHEREAS pursuant to the System, this Decision Document evidences the decision of each Decision Maker (collectively the "Decision");

5. AND WHEREAS the Decision Makers are of the opinion that it would not be prejudicial to the public interest to make the Decision;

6. THE DECISION of the Decision Makers pursuant to the Legislation is that the prospectus and registration requirements of the Legislation shall not apply to the issuance of Participation Shares by GLIC to Eligible Purchasers from time to time, provided that:

6.1 the Participation Shares only be sold to Eligible Purchasers;

6.2 there shall be no public advertising of the offering of the Participation Shares;

6.3 there shall be no unusual efforts to prepare the market for the Participation Shares or to create demand for the Participation Shares;

6.4 any subsequent trade in Participation Shares shall be a distribution that is subject to the prospectus and registration requirements of the applicable Legislation, unless such trade is to a Dealer, an Associate or a successor to a Dealers business ("Prospective Purchaser"), provided that each Prospective Purchaser shall receive, before the completion and sale, a copy of the Information Documents;

6.5 GLIC obtain, from each Eligible Purchaser, an executed subscription agreement, such agreement to be in substantially the same form as submitted by GLIC to the Decision Makers;

6.6 GLIC provide each Eligible Purchaser:

6.6.1 the Information Documents;

6.6.2 a copy of this order; and

6.6.3 upon request, GLIC's most recent quarterly financial statements;

6.7 all certificates for Participation Shares shall be endorsed with a legend describing the restrictions on the transfer of the Participation Shares or indicating other restrictions described in the Articles;

6.8 GLIC will provide annually, to each holder of Participation Shares, its audited financial statements and a proxy statement substantially in the form of an information circular prepared substantially in accordance with the Legislation; and

6.9 GLIC shall be entitled, in its discretion, to revise and amend the Information Documents, from time to time in order that the information provided in the Information Documents is current and complete provided that no amendments shall be made to any of the documents with regard to the following, without the prior approval of the Decision Makers:

6.9.1 nature of the business of GLIC;

6.9.2 the requirements for eligibility for Eligible Purchasers; and

6.9.3 the persons, corporations and entities entitled to sell the Participation Shares.

DATED at Calgary, Alberta this 21st day of July, 2000.

"Original signed by"

Glenda A. Campbell, Vice-Chair

"Original signed by"

John W. Cranston, Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements in connection with the issuance of participation shares;

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, ss. 54, 81 and 116(1)