

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

IN THE MATTER OF)	
INTERNATIONAL MARINE SAFETY FOUNDATION)	
AKA INTERNATIONAL WATER MARINE SAFETY)	ORDER TO CEASE AND
FOUNDATION, AND NORTH AMERICAN MARINE)	DESIST
GENERAL INSURANCE COMPANY, LTD.)	
)	Docket Number: D-1107
)	

This matter came on for hearing on April 30, 2003 before the undersigned hearing officer pursuant to North Carolina General Statutes §§ 58-2-50, 58-28-20, 150B-38, 150B-40 and other applicable statutes and rules. At the hearing, the Department of Insurance [hereinafter, "DOI"] was represented by Anne Goco Kirby, Assistant Attorney General. The Respondents failed to appear at the hearing. After careful consideration of the whole record, the undersigned makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. Notice of this hearing was properly served upon Respondents.
2. The Commissioner of Insurance has not issued a Certificate of Authority to transact insurance business in this State to either the International Marine Safety Foundation, AKA International Water Marine Safety Foundation, or North American Marine General Insurance Co., Ltd.
3. International Marine Safety Foundation [IMSF] offers insurance coverage on all types of watercraft, including jet skis and boats. IMSF has issued Certificates of Insurance under

a group policy entitled "the International Marine Safety Foundation Group Wet Ocean Marine Policy." This group policy is purportedly underwritten by the North American Marine General Insurance Company, Ltd.

4. IMSF has solicited applications for contracts of insurance through promotional mailings and faxes sent to licensed North Carolina insurance agents.

5. IMSF has issued a number of insurance contracts directly to North Carolina residents and indirectly through licensed North Carolina insurance agents. IMSF has also collected premiums for such contracts from North Carolina residents.

6. In notices sent to insureds in North Carolina, IMSF has claimed that it is not selling insurance and that its group policy is exempt from State insurance regulation.

7. IMSF has refused to settle a claim filed by at least one North Carolina resident who asserted coverage under the liability provision of the group policy after a negligence lawsuit seeking damages for personal injuries arising out of a boating accident was filed against him. After a judgment of approximately \$75,000 was entered against this individual for negligence, IMSF refused to pay the judgment.

8. Richard Powell, an Analyst II in the Property and Casualty Division of the North Carolina Department of Insurance, testified for the Department as an expert in the field of underwriting. Mr. Powell has 23 years of experience as an underwriter. As an underwriter, Mr. Powell was involved in the underwriting of inland marine insurance and is familiar with the customs of the insurance industry with respect to the underwriting of inland marine insurance. As an Analyst II, Mr. Powell has reviewed policy forms and rate filings for inland marine insurance.

9. Mr. Powell testified that in his opinion, the types of risks covered under the IMSF

"Group Wet Ocean Marine" policy are commonly insured under inland marine insurance policies and would not be considered marine or "wet ocean marine" insurance.

CONCLUSIONS OF LAW

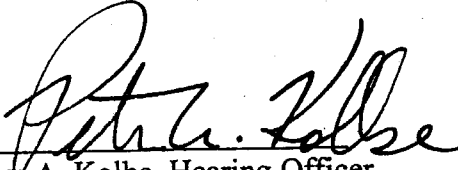
1. Certificates of insurance issued under Respondents' "Group Wet Ocean Marine" policy constitute contracts of insurance within the meaning of N.C. Gen. Stat. § 58-1-10.
2. The exception set forth in N.C. Gen. Stat. § 58-28-5(a)(8) does not apply to the certificates of insurance issued under Respondents' "Group Wet Ocean Marine" policy because said policy is an inland marine insurance policy.
3. Respondents have violated N.C. Gen. Stat. § 58-28-5 by issuing and delivering contracts of insurance to North Carolina residents and collecting premiums for such contracts.
4. Respondents have violated N.C. Gen. Stat. § 58-28-5 by soliciting applications for contracts of insurance from North Carolina residents through the United States mail and through facsimile transmissions.
5. The Commissioner should issue an order against Respondents pursuant to N.C.G.S. § 58-28-20 to cease and desist from violating N.C.G.S. § 58-28-5.

ORDER

Wherefore, based upon the foregoing Findings of Fact and Conclusions of Law, the Respondents are hereby ordered to:

- 1) Immediately cease and desist the transaction of the business of insurance in and from North Carolina; and
- 2) Immediately cease and desist the solicitation of contracts of insurance to North Carolina residents through any means.

SO ORDERED this the 6th day of May, 2003.


Peter A. Kolbe, Hearing Officer
N.C. Department of Insurance

Appeal Rights: This Order may be appealed to Superior Court within 30 days of receipt of the same as set out in the North Carolina General Statutes.

CERTIFICATE OF SERVICE

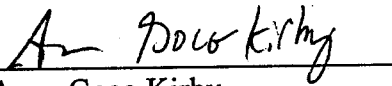
I HEREBY CERTIFY that I have this day served the foregoing ORDER TO CEASE AND DESIST by international fed ex, addressed as follows:

Gerald Beaudoin
President and Director
International Marine Safety Foundation
905 Michele-Bohec Boulevard, Suite 204
Blainville, Province of Quebec
Canada, J7C-5J6

Gerald Beaudoin
President and Director
North American General Marine General Insurance Co., Ltd.
905 Michele-Bohec Boulevard, Suite 204
Blainville, Province of Quebec
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Gregory Quail, Director
International Marine Safety Foundation (London, England)
10 Golden Square
London, England W1F 9JA
Great Britain

This the 8th day of May, 2003.


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