



LISAC

Life Insurance Settlement Association of Canada

For immediate release:

**Ontario Government introduces proposed changes to Insurance Act  
that will allow seniors to access the fair market value of their life insurance**

Tuesday, October 3, 2017

Liberal MPP, Michael Colle introduced a Private Members' Bill (PMB) to amend Section 115 of the Ontario Insurance Act that would allow Ontario seniors to sell a life insurance policy, an asset they own, as a "life insurance settlement" in an open and free market for its fair market value.

This long-awaited, proposed change comes decades after well-regulated markets for life insurance settlements have been operating in jurisdictions around the world. In Ontario, policy owners have not been able to obtain fair market value for their policy because they have had no option other than to surrender it back to the insurance company, at significantly less value than they would receive in a well-regulated secondary market. "When passed, billions of additional dollars will be available to seniors," said Leonard H. Goodman, Chair of the Life Insurance Settlement Association of Canada (LISAC).

A life settlement pertains to the sale of an unneeded, in force life insurance policy for an amount that is more than the policy's cash surrender value but less than its death benefit.

"Life settlements are utilized throughout the world and in the United States alone over \$7 million a day is paid to policy owners in an industry estimated at \$140 billion in annual life settlements," said Goodman. "It's only right that Ontario seniors have access to the maximum value in their policy, an asset they own, just like a home, a car, a lawnmower."

This amendment to Section 115 changes more than eighty years of preventing Ontario seniors from accessing money that is rightfully theirs. "On behalf of the more than two million Ontario seniors, we thank MPP Michael Colle for today's historic announcement," said Goodman. He added, "Life settlements can be an alternative financial resource and a significant benefit for financially struggling seniors, and lessen the government's cost burden in supporting our aging population."



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**A few facts:**

- In the United States, life settlement transactions will average approximately \$3 billion per year over the next decade.
- A study of 9,002 policies by the London School of Business found that, on average, a life settlement transaction produced a cash value of more than four times that of the cash surrender value provided by insurance companies.
- U.S. policy owners received \$5.62 billion more than the policy cash surrender values from life settlements from 2006-2009.
- Section 115 of the Ontario Insurance Act has been in effect for over 80 years and in 1995 a government committee recommended the Ministry of Finance look into changing the Act dealing with this issue. Until now, nothing has changed.
- Ontario's senior population is more than two million, representing 15.6%, and estimated to rise to 23% in a decade.
- 21 million Canadians own life insurance and 54% of seniors own a policy but the vast majority of seniors are unaware that their life insurance policy may have considerably more value than its cash surrender value from the insurer.
- It is estimated that 80% of life insurance policies lapse or are cancelled so insurers never need pay the full amount, which is why insurers are opposed to a well-regulated, life settlement industry rather than supporting a secondary market for seniors to access the fair market value of their policies before death.
- A well-regulated, secondary market for life insurance settlements is the cornerstone of a fair, open and competitive marketplace. Life settlement markets are available in countries around the world but not in Ontario.
- Financial planners and advisors within the life insurance industry need to provide more informative advice and transparent services to clients, particularly seniors, when it comes to life settlements. In the USA, they have a fiduciary responsibility to advise clients about life settlements and they should be doing the same in Ontario.
- The need for additional financial resources for our aging population and the ever-increasing government costs for healthcare has never been more important.

LISAC is an advocacy group for life settlements and the association's goal is to create a well-regulated, secondary market for life insurance settlements for all Canadians.

**For further information and background contact:**

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