

LISAC MEETING WITH ADVOCIS EXECUTIVE OFFICERS AND LEGAL COUNSEL

SUBJECT: SECTION 115 OF THE ONTARIO INSURANCE ACT AND ONTARIO PRIVATE MEMBERS BILL 219

DATE : MARCH 30/2021

The founder and chairman of *Life Insurance Settlement Association of Canada* , Leonard H Goodman, recently participated in a meeting via zoom with the senior officers and legal counsel for *Advocis*, the trade organization which states it represents 13,000 financial advisors across Canada.

Advocis also states that it is "*the definitive voice of the profession, advocating for professionalism and consumer protection*".

The purpose of this meeting was to discuss, etal, the provisions of an Ontario Private Members Bill, (BILL) to amend Section 115 of the Ontario Insurance Act to allow consumers owning a life insurance policy, the ability to deal with that policy as an asset similar to any other asset/investment owned.

That may seem logical, but in Ontario and other parts of Canada, and unlike most free world countries, if the owner of a life policy no longer needed for a multitude of reasons, wished to obtain a *fair market value* in a secondary market, Section 115 prohibits that option and instead forces the owner to either allow the policy to lapse or surrender back to the originating company at virtually pennies on the dollar.

NOTWITHSTANDING THE ADVOCIS STATED POLICY, IT DOES NOT SUBSCRIBE OR SUPPORT THIS POSITION SO OBVIOUSLY FAVORABLE TO ALL CONSUMERS!

So at our meeting we asked why? Here are a few of their reasons:

- a) A life insurance policy is really only held by the insured/owner for the "beneficial interest of its beneficiary, to be paid at death.
- b) Consumers are not sophisticated or knowledgeable enough to make their own decisions and may well be "taken advantage" of as selling a life insurance policy is a complicated issue.
- c) There is no adequate legislation in place and Government agencies are much too busy to work on it.
- d) Bill 219 is too loose in its proposal to allow them to support it

As we stated, these are a few of the spurious reasons put forward to which we replied:

- a) Does that mean my house, if left to wife in my will, cannot be sold by me assuming I am the sole owner?

- b) One size does not fit all! We all have legal, tax and accounting professionals to consult what may or may not be in our best interest.
- c) Worldwide, including 46 States in the USA has legislation in place. The wheel does not need to be re-invented.
- d) LISAC offered to meet with ADVOCIS and others to discuss and attempt to shape a Bill that would be mutually acceptable. **That offer was declined!**

We asked whether ADVOCIS holding itself out as the *"association of choice for financial planners,* would be willing to survey its 13000 members on the subject. **That request was denied.**

We asked whether ADVOCIS supported the life companies position of threatening licence termination to any advisor suggesting or otherwise advising clients of the existence of life settlement as an alternative to surrender. **The answer being they did not have anything to do with life companies procedures or would they feel incumbent to lobby on behalf of those 13000 members.**

This represents an abbreviated summary of the meeting.

Our conclusion is that ADVOCIS most certainly does not appear to place the interest of its 13000 members or several million Canadian residents as a priority.

ONE MAY WELL ASK WHY? PERCEPTION IS OFTEN REALITY.



LISAC
Life Insurance Settlement Association of Canada

APRIL 1/2021

VIA EMAIL

James Ryu
Vice President-Legal and Regulatory Affairs
Advocis
10 Lower Spadina Avenue, Suite 600

Dear Sir,

Thank you for taking the zoom meeting of March 30/21 to discuss the matter of Ontario Insurance Act Section 115 and Bill 219, a bill before the Ontario Legislature to amend section 115.

Obviously LISAC's objective was to solicit Advocis support to this proposal, as we assumed that Advocis, as the self stated "definitive voice of the profession" with a primary function to '*advocate for the professional and consumer protection*' would consider such support.

Regretfully, and with very little surprise, it was made very clear that Advocis instead supports the life companies position, a position we need not reiterate herein.

Advocis receives significant financial support from those very institutions.

It was suggested during our meeting that one of LISAC's Directors may well have a conflict of interest.

It does not stretch the imagination that the same accusation may be said of Advocis and the refusal to meet with Lisac to discuss an attempt to arrive at a mutual acceptance of amending Bill 219 speaks volumes!

As was explained at the meeting, the writer was an active member of both Advocis and its predecessor The Life Underwriters Association of Canada from 1963 until resignation in 2005, reason being, I perceived that ,by its very actions, the interests of consumers and advisors took secondary place to that of life companies.

I have seen nothing to dissuade me of that opinion, so I decline the offer to join as put forward during the meeting.

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It was mentioned that while Advocis does not support the concept of a secondary market allowing the consumer an option to seek fair market value for their insurance policy, you have not made known publicly that objection. We fully understand why, thus going forward Lisac will publish Advocis,s position across Canada.

It is not Lisac,s wish to be adversarial , but as an independent advocacy trade association we are dedicated to bringing this egregious penalizing of our senior citizens to the attention of the public and legislators.

We again invite you to meet with us in an effort to find common ground.

Yours truly



LIFE INSURANCE SETTLEMENT ASSOCIATION OF CANADA

Per: LEONARD H. GOODMAN
Chair and Founder

cc. Paul Tyers
David Hughes
Greg Pollock