

Canada Life Gets Ultimatum Over Transferring Ownership of \$300,000 Policy

The head of the Canadian life settlement trade group says if the insurer doesn't allow the transfer to go through by Friday, the group will sue.

By [Donna Horowitz](#)

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Life Insurance Settlement Association of Canada chairman and founder Leonard Goodman

The head of the Canadian life settlement trade group has given an insurance company an ultimatum: either stop standing in the way of a man who wants to monetize his life insurance policy or face a lawsuit.

Leonard Goodman, who is chairman and founder of the Life Insurance Settlement Association of Canada, has criticized **Canada Life** for refusing to allow the insured to transfer ownership of his policy so he can take out a loan on it, or possibly sell it. "Canada Life continues to obstruct the insureds request and contractual rights, but rather posits various excuses instead," Goodman said in a Wednesday, Feb. 7, letter to the insurance company, pointing out that the insured originally made an ownership transfer request two months ago. Goodman said he believes the insurer would rather see the policy lapse than help its client, who is in dire financial straits.

The 73-year-old Toronto man, who is in poor health, reached out to Canada Life in December because he no longer could afford the \$6,000 yearly premiums on his \$300,000 universal life policy, Goodman said. The man has paid \$130,000 in premiums on the policy since he bought it in 1995, he said. The policy's fair value is \$20,000, according to an offer the man received. Goodman declined to name the entity that made the offer, but said it was fair in relation to the man's life expectancy estimate. However, the policy has no cash value, so the insured can't get anything for it from Canada Life, Goodman added. He said he got involved in trying to help the man after he was referred to him.

"From the outset of this request Canada Life has displayed an unreasonable conduct of obstruction the result of which have seriously impacted on the insured both financially and mentally (to be more clearly elaborated in the event of litigation)," Goodman said in his letter to the insurance company. Goodman said he has given the insurance company two more days to comply with the insured's request or the trade group will sue in the Ontario Courts of Justice as well as seek an attorney to see if the case can be deemed a class-action. Goodman sent the letter to Canada Life on letterhead from his own company, First Financial Group of Toronto, because the company originally had sent the insurance company the transfer-of-ownership documents. But he said he is not taking any compensation for his assistance. "I'm doing it because it infuriates me because they're treating this man unfairly," Goodman said.

If Canada Life refuses to approve the transfer, the trade group will take over the fight to help the insured by retaining legal counsel, he said. The issue at the heart of the matter appears to be Canada Life's insistence that it be sent information on the assets of the private, institutional fund, which proposes to make a loan to the insured. Goodman said the insurance company has no right to such information. "It's none of their business. It's merely a tactic to obstruct," Goodman said, adding that the insured has submitted a copy of the articles of incorporation for the company. But that apparently isn't good enough for Canada Life.

"As you are well aware, the intended transferor and transferee, despite their agreement with Canada Life, have not provided Canada Life with the information it has sought," a Feb. 6 letter to Goodman from [Andrew Richardson](#), senior counsel for the insurer, said. "This information has not been sought for frivolous reasons, but rather as a response to regulatory expectation that Canada Life know its clients and their business, especially where -- in the case of life insurance -- universal life products are concerned. As a federally regulated financial institution, Canada Life is expected to act prudently to mitigate the risk of being used for illicit purposes, such as money laundering."

Goodman took umbrage at that response. "To suggest 'illicit purposes and money laundering' is beyond the realm of logic here," he said in his Feb. 7 response. Goodman said in an interview that they had provided the articles of incorporation, which are required to be filed with the federal government and the provincial government. Such documents show the company's tax identification number. "If we were going to try to launder money, no way we would provide them," he said.

Richardson, who did not respond to requests for comment, said the insurance company's transfer-of-ownership form requires it to be filled out by the transferor and transferee. Canada Life said that by using the form to transfer ownership, the insured has agreed that the insurer only will process the transfer and update its records accordingly if the form is sent "together with any other information Canada Life requires." Canada Life also pointed out what it saw as inconsistent answers from the policyowner and the intended policyowner over what was paid for the policy. The form indicated that consideration paid for the policy was "nil," although the policyowner told the company's client services representative that he received "consideration" for the policy, the insurer said. Depending on the amount paid, Canada Life said it has tax reporting obligations it must comply with and thus tax may be owed by the policyowner. "We take our tax reporting obligations seriously and must be provided true and accurate information," Richardson's letter said.

Goodman responded to Canada Life that the consideration reported by the insured only referred to "an institutional loan and as such would have no concern with CRA [**Canada Revenue Agency**] or tax reporting!" He did not want to disclose the amount of the loan being sought or its terms during an interview, but said that "a loan does not constitute a transaction for tax purposes. That's a very feeble comment."

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