



LISAC

Life Insurance Settlement Association of Canada

January 26, 2021

Canadian Life and Health Insurance Association
World Exchange Plaza
100 Queen Street, Suite 750
Ottawa, Ontario
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ATTN: Susan Murray-Vice President, Government Relations and Policy
REFERENCE: Your letter of January 22/21 to Ontario MPP, Rudy Cuzzetto

Via email: smurray@clhia.ca

Dear Ms. Murray,

We write with reference to the above letter, which addresses proposed private members bill 219, (219) currently in front of the Ontario Legislature.

Let us be clear. LISAC functions as an advocacy association for Ontario, and indeed, Canada's millions of seniors, and many more to come.

While we find your position and comments unacceptable for a number of reasons, which we outline below (also can be found on our website), we take no pleasure in critiquing the Life Insurance Industry at large. We have seen, firsthand, the value it can bring to consumers.

Our opposition is based entirely on the facts you purport to state, which in reality are not facts at all.

For sake of brevity, this letter will address only the comments you refer to in your letter of January 22/21.

A few facts:

- 1) There is indeed a "fair and transparent market" available both throughout the free world and Canada.
- 2) US (and other world markets) do not "typically target low-income seniors," but seniors in need of cash for immediate needs.



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3) COVID-19 has nothing to do with Life Settlements or the marketing of the same. You are correct, more Canadians are “struggling financially,” which means the ability to realize immediate and unrestricted cash is even more important.

4) Regretfully, “financial exploitation” always exists in the financial sectors (i.e., credit card fraud), and that is why appropriate legislation is needed.

5) I would point out that Nova Scotia recent changes was without consumer content or input.

6) As you state, some insurers offer “safe and regulated viable solutions,’ (an opinion that we do not share), but we believe in a *free market system* where all consumers are free to make their own decisions once they have access and regard to *all the facts* (not just information provided by the primary sellers of insurance).

7) Perhaps the most contradictory statement you make is: *A trusted insurance advisor can also help clients decide which options will suit their needs.*”

It raises a critical question:

How can that “trusted advisor” fulfill his or her mandate of placing the clients’ needs first and foremost when the advisor is prohibited from presenting a legitimate option, a life settlement, for the client to consider when the advisor is under penalty of contract and license termination by the insurance company?

As does the “industry appreciate the opportunity to share,” so does LISAC. In fact, LISAC would welcome a panel discussion with CLHIA, and/or other industry representatives, in order that we collectively and fairly can examine the pros and cons and benefits for seniors and where common ground can be found. It will be in the best interests of all Ontario seniors.

We look forward to your response.

Yours truly,

Leonard H. Goodman

Founder and Chair, and Chair of Regulatory Committee

c.c. Rudy Cuzzetto
Paul Tyers, LISAC Board
All Ontario MPPs



Canadian Life and Health
Insurance Association

Association canadienne des
compagnies d'assurances
de personnes

Re: Bill 219, *Life Settlements and Loans Act*

January 22, 2021

Dear MPP,

I am writing to you on behalf of Canada's life and health insurers to raise our concerns with Bill 219, *Life Settlements and Loans Act*, a private member's bill that poses a risk of real harm to Ontario seniors and others.

Bill 219, if passed, would amend section 115 of the Insurance Act to permit trafficking in life insurance policies. This practice, also referred to as "life settlements" is currently prohibited in Ontario, as it is in almost every province. Under these life settlement contracts, individuals sell their life insurance policy to a third party in exchange for a cash payment, usually substantially discounted below the face value of the policy; this valuation is entirely non-transparent to the Policy holder – there is no fair and transparent market for the "trading" of life policies.

US-based or US-backed life settlement companies typically target low-income seniors and those with medical conditions who may be expected to die sooner.

Bill 219 would expose an extremely vulnerable population to potential financial exploitation, often without the knowledge of the individual's family or loved ones. In the context of COVID-19, life settlement companies are anxious to open up markets in Ontario and Canada as more Canadians are struggling financially, providing more opportunities for financial exploitation.

To protect consumers, the majority of provinces prohibit life settlements. In recent years, both New Brunswick and Nova Scotia have prohibited the practice outright. Were Bill 219 to pass it would bring Ontario offside most other jurisdictions in Canada.

Insurers already offer safe, regulated and viable solutions to the policyholders: our clients can apply for living benefits under the policy, take out a policy loan or reduce the policy's face amount to make premiums more affordable. For our vulnerable clients, these options are preferable to selling their policy at a discounted price, taking a tax hit and giving up their privacy rights. A trusted insurance advisor can help clients decide which of these options will suit their needs.

For more information on how life settlement companies target seniors, please see the attached information [one-pager](#). We urge you to maintain the current protections so that Ontario seniors are no less well protected than those of the majority of provinces and territories in Canada, and vote 'no' to allowing investors to profit from the deaths of Ontario's seniors.

The industry appreciates the opportunity to share our serious concerns about Bill 219. We would be pleased to meet or provide further detail about the risk of permitting life settlements in Ontario.

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