

**Hon. Victor Fedeli, Minister of Economic Development, Job Creation and Trade.
Comments on Bill 162, A 2017 Private members bill to amend the insurance act to
authorize life settlements.**

**Minister Fedeli has indicated that his views on allowing life settlements in Ontario
have not changed with regards to Bill 219.**

“The one comment that came towards the end from the member was, “Let’s look at this, and let’s debate this.” At the end of the day, that’s what we really should be looking at doing—having this go to committee so that it can be debated and all sides can be heard from on this, because, quite frankly, there are two sides to every story, and maybe three or four sides.

Let’s just look at some of the details quickly. Life settlements, as this is known, involve the disposition by the insured of their insurance policy and it involves the disposition of all of their rights under a life insurance policy to a third party in exchange for a cash payment. That means: “I’m 20 years old. I buy a life insurance policy. I’ve paid into it. I’m 40 years old. I can stop paying today; it’s got a value, a \$100,000 policy. Today, I would look to have the opportunity to sell it and have that money today because my family is taken care of by other areas of my financial plan.” That’s really what it comes down to.

In Canada, there are four provinces that do not allow this; in fact, they explicitly prohibit this: Saskatchewan, Quebec, Nova Scotia and Brunswick. I’m sorry; those are the four provinces that allow it. All of the other provinces, including Ontario, prohibit trafficking, as they call it, of insurance policies.

Bill 162, An Act c, proposes amendments to section 115 of the Insurance Act to allow an exception to that current rule. It allows people to be able to sell their insurance policy. Right now the prohibition does not apply to the sale of a life insurance policy if the purchase is from the original policyholder and the policy has been held for at least 36 months. In reality, it probably would have to be held for a lot longer than that to have the cash value paid up. You’re not going to want to buy an insurance policy from somebody that they still owe a tremendous amount of money on. There are going to be certain restrictions and certain guidelines.

Consumers deserve to have a choice. When it comes to their insurance options, as in everything else in Ontario, they should be able to have a choice. There are some who wrote to me who say that this is dangerous and opens up a potentially predatory market; there are those. There are many on the flip side—especially seniors—who know that some of the protections can be looked at here and believe that this should be allowed. They compare it, quite frankly, to the reverse mortgage. We hear a lot of comparisons to the reverse mortgage, which is really geared towards seniors, and it is a generally accepted financing tool—it’s a financing option, again.

I know that there are professional organizations that people with this colour of hair tend to be a member of. I agree with what they’re suggesting, which is to get this thing to committee so we can talk about it intelligently. I think that’s really where we want to go. There are some red flags to opening the door for unscrupulous opportunists, but there are huge and wonderful advantages for seniors to be able to capitalize on the money that they invested in their security when that security, for whatever reason, is no longer necessary.”

Source: <https://www.ola.org/en/legislative-business/house-documents/parliament-41/session-2/2017-10-19/hansard#para959>