

## Press Release

**FOR IMMEDIATE RELEASE**

**July 22, 2010**

### **ILMA COMMENDS GAO ON REVIEW OF LIFE SETTLEMENTS INDUSTRY & PLEDGES TO WORK WITH SEC**

#### *Transparency & Disclosure Will Help Achieve Consistency & Consumer Protections*

WASHINGTON, D.C. – The Institutional Life Markets Association (ILMA) today commended the U.S. Government Accountability Office (GAO) for completing their review of the life insurance settlements industry at the request of the U.S. Senate Special Committee on Aging. In addition, ILMA pledges to work with the SEC on the recommendations announced in their Life Settlements Task Force report also released today.

“We are pleased that GAO recognized life settlement transactions as a viable option for policy owners,” said ILMA Managing Director Jack Kelly. “We commend the GAO for highlighting the need for consistent regulation at the state level as the life settlements industry has grown.

“ILMA has consistently urged the adoption of uniform law and regulations and endorses the GAO recommendation to provide clear and consistent law and regulation of this marketplace.

“We agree with the GAO’s finding for the need to have full and complete disclosure to consumers. This finding validates the very reason ILMA was formed - to ensure life settlement transactions are conducted with transparency and the utmost integrity.

The GAO Report to the U.S. Senate Special Committee on Aging entitled “*Life Insurance Settlements – Regulatory Inconsistencies May Pose a Number of Challenges*” is the result of nearly a year of work at the request of Senator Herb Kohl (D- WI).

ILMA and its principles are specifically cited in key sections of the GAO’s findings:

- “Policy owners could complete a life settlement without knowing how much they paid their brokers.”

The GAO Report specifically cites ILMA:

*“Institutional investors formed ILMA, in part to promote transparency about broker commissions and bids received by brokers. Since 2008, ILMA members have required their providers to disclose broker commissions. ILMA officials told us that about half the settlement transactions are completed with the level of disclosure required by ILMA.”*

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- “Regulatory Inconsistencies May Pose Challenges for Policy Owners, Investors and Life Settlement Intermediaries.”

The GAO report specifically cites ILMA:

*“ILMA, two providers, and a bank involved in life settlements said that they support greater uniformity in the laws regulating life settlements, in part to lower transaction costs or increase operational efficiencies.”*

- In addition, the GAO found “...life settlements can provide policy owners with a valuable option, but policy owners can face challenges in assessing whether a life settlement is their best option or knowing whether they are being offered.”

*ILMA’s first guiding principle is transparency. We concur with the GAO for the need of uniformity, transparency, and disclosure.*

“The key recommendation from this report focuses on developing public policy consistency in the life settlements market,” concluded Kelly. “ILMA looks forward to working with Congress and the SEC in their efforts to develop legislation or guidance to provide a level of protection for consumers.”

“In addition, ILMA welcomes the SEC Task Force Report on Life Settlements and concurs with the need for clarification of the treatment of life settlements by the SEC. ILMA welcomes the SEC recommendations concerning consumers’ protection and suitability and we look forward to working with the Commission as they continue to examine this market.”

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### About ILMA:

ILMA is a not-for profit trade association focused on the longevity and mortality-related marketplace. By creating innovative capital market solutions, ILMA members seek to expand consumer choice in one of their most important assets - their life insurance. The Association is a leader in establishing best practices and in raising awareness about this growing and vital industry.

ILMA’s MISSION is to expand and apply capital market solutions in life insurance, educate consumers that their insurance may be a valuable asset, expand consumer choices about how to manage it, and support the responsible growth and regulation of the industry. We believe that expanded consumer choice and full disclosure of all fees is good for the consumer and for the industry.