

Press Release

FOR IMMEDIATE RELEASE

May 20, 2011

ILMA RELEASES INVESTORS NOTE ON COURT OF APPEALS RULING *Teren Case Ruling May Have Implications for Many Pending Cases across Country*

WASHINGTON, D.C. – The Institutional Life Markets Association (ILMA) today released their latest Investors Note entitled “Form over Intent: Understanding the Jack Teren Insurable Interest Case.” The Investors Note focuses on the Tuesday, May 17, 2011 California Court of Appeals reversal of the lower court’s ruling in *The Lincoln Life and Annuity Company of New York v. Jonathan S. Berck*, commonly referred to as the Teren case, and is available at <http://www.lifemarketsassociation.org/>.

“ILMA is dedicated to the institutional investor’s role in the life settlement and longevity markets” said Managing Director Jack Kelly. “This latest Investors Note contains critical analysis of this week’s ruling in California for those investors.”

The Teren case gained significant notoriety in the secondary life industry because the lower court permitted the life insurance carrier to retain premiums received on a Stranger-Oriented Life Insurance Policy (STOLI policy).

“Noting that for a life insurance policy to be valid it must, at its inception, have been held by someone with a valid insurable interest, the California Court of Appeals examined the formalities of the contract at the time of issuance,” writes Thomas R. Weinberger a partner at Stroock & Stroock & Lavan LLP who serves as counsel to ILMA. “In particular, it noted that the trust had a valid insurable interest at the time of issuance because the trust was formed by the insured for the benefit of his sons. Acknowledging that the intent of the parties from the outset was for the investor group to acquire the interests in the policies, the Court of Appeals nevertheless stated ‘that intent does not negate the fact that when the trust acquired the policies, they were supported by an insurable interest.’”

Several carriers have been citing the lower court’s decision in Teren in litigation around the country.

“These rulings are especially important to investors in the tertiary market, as the subjective intent at the time of policy issuance may be difficult to determine after the fact,” concluded Weinberger.

A full copy of ILMA’s Investor Note “Form over Intent: Understanding the Jack Teren Insurable Interest Case” is available at <http://www.lifemarketsassociation.org/>.

-30-

CONTACT: Jack Kelly, Managing Director
(202) 552-2788 / jkelly@mcphersongroup.us

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. ILMA believes that expanded consumer choice and full disclosure of all fees is good for the consumer and for the industry.

Mr. Thomas Weinberger is a partner at Stroock & Stroock & Lavan LLP where he focuses his practice on insurance and risk-linked securities, life insurance finance and related capital markets transactions, life settlements, premium finance and alternative risk transfer and securitization transactions. Stroock & Stroock & Lavan LLP serves as counsel to the ILMA.