FIFTH SEASON FINANCIAL

FLAG Funds for Living and Giving

January 16, 2020

To Ontario's Insurance Regulators and Ministry of Finance:

I am writing to you in support of the "Life Insurance Settlement Association of Canada" and "Canadian Life Settlements Inc." who are attempting to modernize Ontario's Insurance Act to allow Ontario seniors the option of monetizing their life insurance assets through life settlements or life loans.

Being born and raised in Montreal, I completed a B. Comm. undergraduate degree at McGill University (1992) followed by a combined MBA/JD at the University of Toronto (1996). Following graduation I articled at the law firm of Baker & McKenzie in Toronto and ultimately became a member of the Law Society of Upper Canada and a practicing attorney, progressing to become a partner at Baker & McKenzie, a major international law firm with an office in Toronto. While at Baker & McKenzie I worked on multiple U.S. focused transactions involving life settlements and loans secured by life insurance policies and directly witnessed the good that these transactions provide to consumers who are in need of financial help and who have a life insurance policy. In the summer of 2007 I was provided with an interesting opportunity to move to the business side of the life settlements sector and as a result I moved to Stamford, Connecticut. I am a former member of the Board of Directors of the Life Insurance Settlement Association (LISA), the leading trade group in the U.S. for life settlement participants, and my firm, Fifth Season Financial, LP, is a member in good standing of LISA. At this time I am a principal of and President of a leading consumer lender, Fifth Season Financial, LP (www.fifthseasonfinancial.com), as well as a founder of the Chapford Capital Group, which is an investment fund manager that focuses on investing in life insurance assets, including U.S. life settlements and loans secured by life insurance policies. I have now spent a good portion of my career working in the life settlement and life insurance loan sector and have seen many grateful consumers benefit from their involvement in these transactions.

In these roles, I have been deeply involved in this important sector for seniors and those with advanced stage illnesses and have first-hand experience in interacting with consumers. I have seen countless financially stressed seniors and persons with illnesses who have had their quality of life and financial situation immeasurably improved through the funds received from a life settlement or loan transaction. A life insurance policy is oftentimes one of the most valuable assets that such individuals own. Being able to access the built-up equity in their life insurance policies through access to a competitive life settlement and loan market (rather than the artificial and negligible cash surrender value offered by life insurers) is a benefit that should not be denied consumers based on false arguments advanced by a handful of life insurance companies seeking to protect their monopoly on setting surrender values and limiting access to the true market value of a life policy. During the time I have been engaged in the life settlements sector, I have seen first-hand the value to seniors and those people who are terminally ill as an alternative to lapsing or surrendering their policies. Please look at Fifth Season Financial's website and

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testimonials which recount numerous positive experiences of consumers and how these transactions have helped them overcome financial hardship and improve their quality of life.

I am aware that several Canadian provinces, including Ontario still have wording dating back to the 1930's in their Insurance Acts (i.e. section 115 of Ontario's Insurance Act) that prohibit "trafficking" in insurance policies and thus limit the development of a robust secondary market for life insurance policies. In my opinion, this prohibition is outdated, contravenes the most basic legal principle of the rights of ownership of a life insurance policy asset, is inconsistent with the actual language of most life insurance policies that specifically recognize the right of the owner to transfer such policy or pledge it as collateral, and effectively strips consumers of optionality when dealing with a valuable asset in which they have often invested substantial premiums for an extended period of time. At this time the beneficiaries of the prohibition on life settlements in Ontario are the insurance carriers. They have been afforded a monopoly in establishing the cash surrender value of a policy without any competitive pressures to provide a fair value based on an insured's current health situation and the actual true value of the policy. While many Canadian policies now have accelerated death benefits (living benefits) these are very narrowly defined in terms of when they are available and restrictive with respect to the amount of current funds a life insurance company is willing to provide. Even where an accelerated death benefit is available, there is usually significantly more room for a market loan secured by the policy in addition to what the life insurance company may have advanced.

I have seen the anti-consumer and spurious arguments made by the CLHIA as to why the status quo should be maintained – or even strengthened. Their motives are understandable and straight forward. Improper lapse supported pricing is a hallmark of the life insurance company's pricing approach and insurance carriers desire to maintain a monopoly on surrender value pricing. The carriers and their proxies have advanced some of the most disingenuous and anti-consumer positions I have seen. These are the same weak arguments originally put forward in the United States by life insurance companies and their associations. These have been extensively considered and rejected by insurance regulators and legislators in more than 43 States (being the ones that now regulate life settlements) as well as the Supreme Court of the United States which established a consumer's right to sell of life insurance policy as an asset in 1911 (Grigsby v. Russell). The assertions about protecting seniors or vulnerable individuals do not warrant the advantage insurers now receive under section 115 and their ability to take advantage of their own policy holders by denying them optionality in determining what to do with their own assets. This paternalistic approach assumes that consumers do not have the ability to make their own decisions, do not have access to advisors who can help them and that the lack of competition in determining policy surrender value and current value is somehow better for consumers than access to real choice and market determined policy values at a point in time when financial hardship exists and continuing to pay premiums and access to current funds may be of paramount importance to an individual.

During the 17 years I have been involved in life settlements and life policy loans sector in the United States I have seen this sector mature such that it is now dominated by professionals operating throughout the U.S. under specific state regulations. While some people like to recall

a fledging sector fraught with start-up challenges, I can assure you that is no longer the case. In fact, I am very proud that Fifth Season Financial has provided millions of dollars of liquidity to hundreds of seniors and terminally ill patients in a transparent and ethical way.

I have met Paul Tyers on a many occasions at conferences sponsored by the Life Insurance Settlement Association (www.lisa.org) in Stamford, CT and in Toronto. I fully support his efforts to bring this important option and consumer benefit to Ontario's seniors and those who are dealing with advanced stage illnesses or are terminally ill. In my dealings with Paul and his company, Canadian Life Settlements Inc., I have found them to be reputable and someone that I would gladly conduct business with. The resistance from the Canadian Life & Health Insurance Association ("CLHIA") to modernize section 115 reminds me of a similar stance by life insurers in the US, now dating back over 25 years. However, in virtually all states the rights of consumers have won out! Insurance regulators and departments are tasked with regulating life insurance largely for the purpose of consumer protection and not life insurance carrier protection. Life settlements and loans secured by life policies are one of the most consumer friendly options available to these people to ameliorate their financial hardship – I urge those charged with protecting consumers to properly evaluate the benefits of a well-run secondary market for life insurance policies and loans, rather than buy into the anti-competitive and self-serving arguments of life insurance companies and their trade groups. I hope to see consumers in Ontario provided with choice and control over their own policy assets and the ability to access fair value for policies rather than artificially low values provided by life insurers through their monopoly on surrender values and accelerated benefits.

If I or my firm can help in any way as Ontario's regulators deliberate about modernizing section 115 of The Insurance Act, do not hesitate to reach out to me.

Yours truly,

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