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**IN THE MATTER OF** the *Insurance Act*, R.S.O. 1990, c.1.8, as amended (the "Act"), in particular sections 441(1) and 441(2);

**AND IN THE MATTER OF** Canadian Life Settlements Inc. ("CLS").

**MINUTES OF SETTLEMENT AND UNDERTAKING ("Settlement")**

**WHEREAS:**

1. CLS is federally incorporated. CLS holds a corporate life insurance agent (licence # 36405M) under the Act. CLS' licence expires on August 17, 2023.
2. CLS is not licensed as an insurer in Ontario.
3. On June 8, 2019, the Financial Services Regulatory Authority ("FSRA") assumed the regulatory duties of the Financial Services Commission of Ontario, and the Chief Executive Officer of FSRA (the "CEO") assumed the regulatory duties of the Superintendent, under the Act.
4. On November 21, 2019, FSRA received a Life Agent Reporting Form from the Empire Life Insurance Company ("Empire Life"), in respect of CLS alleging that CLS was trading in life insurance policies.
5. FSRA investigated the purchase of two Quebec domiciled life policies, from the same individual, as solicited by a Quebec-based agent and presented to CLS. One policy was with Empire Life and the other with Manulife. The individual signed the documents relating to the purchase of the policies in Quebec, however the Transfer of Ownership and Appointment of Contingent/Successor Owner or Subrogated Policyholder for the Empire Life policy, and the Beneficiary Designation and Identifying Owners of Individual Insurance Policies Owners That are Entities forms for the Manulife policy reflected that they were signed by CLS in Ontario and that is where CLS processed them. The original insurance policies were undertaken in Quebec.
6. On April 29, 2021, the Director, Litigation and Enforcement, (the "Director") by delegated authority from the CEO of FSRA, issued a Notice of Proposal (the "NOP") to impose an administrative penalty in the amount of \$100,000 on CLS for trading in life insurance policies contrary to section 115 of the Act.
7. CLS denied the allegation in the NOP, including any wrongdoing, and on May 14, 2021, requested a hearing before the Financial Services Tribunal ("FST"), advancing the position that it had not contravened section 115 of the Act.

8. The Director and CLS (collectively the "Parties") thereafter entered into discussions and develop terms which have led them to resolve this matter on consent without a hearing before the FST.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises set out below, and on the basis of the facts set above, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

9. CLS agrees to the material facts as are set out above and consents to a settlement of this matter and issuance of an order under section 441(2) of the Act.
10. CLS does not object that the NOP constitutes a report as required by section 441(1) of the Act and the notice required by section 441(2) of the Act.
11. Upon receiving an executed copy of these Minutes from FSRA, CLS will withdraw its Request for Hearing (Form 1) in respect of the NOP before the Tribunal by completing a Withdrawal/Discontinuance (Form 5) and filing it with the Registrar at the Tribunal within five (5) business days.
12. CLS consents to the Director issuing an order pursuant to sections 441(2)(a) and (b) of the Act providing that CLS agrees that it will conduct its business so as to refrain from the engaging in following activities in Ontario:
  - a. pursuant to section 441(2)(a):
    - i. purchasing or providing loans in return for the transfer of ownership of any life insurance policies in Ontario;
    - ii. soliciting residents of Ontario for life settlements; and
    - iii. marketing life settlements to residents of Ontario;
  - b. dealing in life insurance policies under section 115 of the Act, pursuant to section 441(2)(b); and
13. CLS consents to the Director issuing an order providing pursuant to section 441(2)(c) of the Act that CLS shall:
  - i. continue to include a statement on its website that, "CLS does not solicit or undertake the transfer of ownership of life insurance policies as life settlements for life insurance policies issued in the Province of Ontario";

- ii. continue to advise any residents of Ontario who contact CLS that life settlements offered by CLS are not available in the Province of Ontario;
- iii. issue offers for life settlements and Life Settlement Agreements under the address of its Quebec office. If an offer is made to person who cannot sign the offer document electronically, documents pertaining to such offer shall only be sent by CLS from CLS' Quebec head office or from another jurisdiction where life settlement transactions are permitted ("Allowable Jurisdiction");
- iv. send all documentation pertaining to offers for life settlement and Life Settlement Agreements electronically from the province of Quebec. In the event physical copies of the aforesaid documentation are to be sent to clients, such documentation shall be sent from CLS' Quebec head office.
- v. accept the return of the executed offer and/or executed Life Settlement Agreement, from the consumer, at its Quebec head office;
- vi. execute the offer and/or Life Settlement Agreement by CLS, at its Quebec head office;
- vii. issue the documentation required to change the beneficiary designation and the ownership of the purchased non-Ontario life insurance policy from its Quebec head office;
- viii. send the designation, as well as any forms required to change the ownership of the purchased non-Ontario life insurance policy, from its Quebec head office to the relevant insurance companies at the address applicable to Quebec policies;
- ix. send from its Quebec head office the documents under viii. to an insurer at an Ontario address only where the insurer has no administrative address outside Ontario that will make the changes specified in viii above\_;
- x. issue any insurance claims pertaining to the purchased non-Ontario life insurance policies from its Quebec office; and
- xi. issue internal communications to all of its directors, officials, and employees advising them of the above.

14. In recognition of the time taken by FSRA to resolve this matter and in recognition of the benefit received from the direction arrived at as are outlined herein, CLS

agrees that it shall make a voluntary payment towards administrative costs in the amount of \$10,000 to FSRA. Payment is due upon execution of the Settlement.

15. Upon confirmation from the Tribunal that the Request for Hearing has been withdrawn and the hearing has been cancelled, the Parties agree that the Director will issue a consent compliance order as described at paragraph 9 of this Settlement.
16. CLS acknowledges and agrees that it was given the opportunity to seek independent legal advice and has done so and is entering into this Settlement voluntarily, understanding the consequences of doing so.
17. CLS waives any hearing before the FST and any right to appeal or to apply for judicial review of an order or decision of the CEO or his delegates, in this matter.
18. The Parties agree that the decision evidenced by these Minutes of Settlement and the disposition addressed by this Settlement are final and conclusive and are not subject to appeal or subject to judicial review.
19. Upon acceptance by the Parties, the Director agrees that FSRA will not take any further proceedings against CLS arising solely from the facts contained in this Settlement unless facts not disclosed by CLS come to the attention of FSRA that are materially different from those contained in this Settlement and provided that all the terms in this Settlement are complied with.
20. Further, upon acceptance by the Director of these Minutes signed by CLS, the Parties agree that these Minutes of Settlement and Undertaking and any order issued arising from it forms part of CLS's records as maintained by FSRA should any future regulatory action against CLS be necessary. No such regulatory action is contemplated at this time.
21. The Parties acknowledge that any order issued by the CEO or his delegate, as a result of this Settlement, will include a statement that the order was made pursuant to a settlement. CLS further acknowledges and agrees that the NOP, settlement, order, and a news release, in a format mutually acceptable to the Parties, will be published by FSRA on its public website, or that of its successor.
22. CLS agrees that this Settlement is not confidential and may be disclosed to the public at the sole discretion of the CEO or his delegates, or pursuant to law under the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended, or by order of a court. CLS agrees not to make representations to any member of the public or media or in a public forum that are inconsistent with this Settlement.

23. This Settlement may be executed in counterparts and may be executed and delivered by facsimile or e-mail, and all such counterparts and facsimiles or e-mails, as applicable, shall together constitute one and the same agreement.
24. CLS acknowledges that this Settlement is undertaken within the meaning of the Act, and that failure to comply with any order issued in furtherance of these Minutes of Settlement may result in regulatory action by FSRA.
25. The Parties acknowledges that this settlement is not binding on either of them until both parties sign these Minutes of Settlement.
26. The Parties accept and understand that this Settlement and any rights within the Settlement shall enure to the Parties and to any successors or assigns of the Parties.

DATED at Montreal, Quebec, April 21, 2022

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Canadian Life Settlements

Per: \_\_\_\_\_

I have authority to bind the Corporation

DATED at Montreal, Quebec, April 21, 2022

\_\_\_\_\_  
Name of Witness

\_\_\_\_\_  
Signature of Witness

DATED at Toronto, Ontario, April 22, 2022

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Elissa Sinha

Director, Litigation and Enforcement  
Financial Services Regulatory Authority of Ontario

By delegated authority from the Chief Executive Officer