

Coventry Announces Strong Support for New York Life Settlement Bill

Fort Washington, PA – February 24, 2006 – Coventry First strongly supports life settlement legislation sponsored by Senator John A. DeFrancisco and Senator James L. Seward that will protect New York seniors who choose to sell their life insurance policies in the secondary market. Senate Bill 5476, based on the model settlement act of the National Association of Insurance Commissioners (NAIC), protects seniors through comprehensive regulation over life settlements, including numerous disclosures, licensing requirements and strong anti-fraud measures. Twenty-six states have already adopted such NAIC-based laws.

The American Council of Life Insurers (ACLI) and others have recently stated that the New York life settlement legislation would not protect New York consumers, but would facilitate speculative uses of life insurance. The ACLI may be unaware or unconcerned that the absence of settlement law, which it has supported in the past, presents greater risks of abuses involving life insurance.

Senate Bill 5476 materially strengthens the protections contained in the NAIC model by making it illegal for trusts, corporations or charities to sell policies during the 2 year contestability period; it prohibits policies insuring New York residents from being moved out of state if it was intended to avoid the strict regulation provisions contained in the settlement law. The bill also strengthens the general prohibition against the sale of an in-force life insurance policy by eliminating all but two of the eleven exceptions to that prohibition found in the NAIC model. The bill also gives the New York Insurance Superintendent broad investigative and enforcement authority over those engaged in these activities, including advertising.

SB 5476 is substantially stronger than the NAIC settlement model and provides numerous additional protections for consumers of life insurance. It is these sorts of additional measures that resulted in the bill being supported by Coventry and the Life Insurance Council of New York, a trade association of life insurance carriers.

Recently, the New York Department of Insurance, Office of the General Counsel (OGC) issued an opinion that held that certain schemes that enable investors to acquire insurance on strangers are illegal due to a lack of insurable interest. This OGC opinion along with a strong New York life settlement law



and careful underwriting by life insurers will protect and actually strengthen the market for life insurance in New York.

Although the ACLI and other critics of the New York bill have suggested it would create loopholes, the opposite is true. It is the absence of a New York law that presents opportunities for exploitation of life insurance; and SB5476 unequivocally is stronger than the NAIC model in prohibiting and enforcing against investor-initiated life insurance schemes.

When the legislation becomes law New York will have the strongest and most comprehensive life settlement law in the country.

About Coventry

Coventry (www.coventryfirst.com) bridges insurance and capital markets to create groundbreaking products for the financial services industry. The company is the leader in the secondary market for life insurance and pioneered the resulting life settlement industry. Fueled by bold ideas, a deep understanding of life insurance, and impeccable standards, Coventry continues to lead the market by opening new opportunities for consumers and the financial professionals who serve them. Based in Fort Washington, PA, Coventry is the first secondary market company to ever receive Standard & Poor's highest Servicer ranking and was named the nation's 10th fastest-growing privately held company in the annual INC. 500 listing.

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