

Full Disclosure

[November 01, 2006](#) - Milestone Providers, a Pennsylvania-based life settlement provider, has announced the launch of its Full-Disclosure Initiative for life settlement transactions. The decision to launch the initiative comes after discussions with several of Milestone's institutional investors. "Our approach has always been the same - open and transparent transactions. With recent developments in our industry, we have decided to initiate Milestone's Full-Disclosure Requirements, and make full disclosure standard operating procedure for every transaction" stated Kristian Armstrong, CEO of Milestone.

A life settlement is the transaction whereby a [life insurance policy](#) is sold to an investor for a value exceeding the policy's cash surrender value. Life settlements focus primarily on elderly individuals whose life [insurance policies](#) no longer fit their needs, or the cost of premiums have become burdensome. Due to the nascent nature of the industry, regulation has been slow to address several issues regarding certain aspects of life settlement transactions. Many states require transactional disclosure, however how these disclosures requirements are understood and posed to clients is open to interpretation.

Milestone's Full Disclosure Initiative comes shortly after New York Attorney General Eliot Spitzer sued a leading industry provider alleging that policy sellers were defrauded, and that several industry participants breached their fiduciary duties to the policy sellers. "We have had several calls from our institutional investors questioning the future value of any policy which might be purchased in a transaction where the broker or agent didn't fully disclose their commission in the deal. These investors are now asking that we document full commission disclosures from the brokers and agents to the seller. This was certainly an influencing factor in our decision to launch this initiative at this time, and to require full disclosure by all parties to the transaction," Milestone COO Douglas Lehman said. Full disclosure and open transparency is not a new concept for Milestone. "We have had Settlement Sheets, Commission Disclosure Acknowledgments, and listing-type agreements finalized for a long time. We have been waiting for the right time to launch this initiative. It is clear that the time is now."

"The problem has been getting brokers and agents to agree to full disclosure of their commissions. Not all industry participants were ready to embrace full disclosure. We understand that full disclosure can be a problem for some of the close [relationships](#) between agents and their clients. However, in light of current market developments, we feel we need to protect the value of the asset [class](#). Regrettably for some, full disclosure will soon become par for the course" Lehman further commented.

Ideally, Milestone's initiative would require brokers and agents to fully disclose all commissions taken in a life settlement, in a contract with the seller. The life settlement brokers and life insurance agents would be required to provide a broker of record "listing agreement" contract with the seller, detailing all commissions to be paid on the sale of the policy (represented by a percent of the sale price for the policy), the term of the listing,

and the exclusive nature of the listing. Any co-broker would be required to have a sub-agency agreement. This would reduce co-brokering fees and confusion in the bidding process, and maximize the amount of money to the insured, Milestone executives said. “Our focus is to create an [environment](#) where an individual seeking to sell a policy can do so without having to beg the question of whether or not [they] were treated fairly. It’s really quite simple; provide a fair, equitable, and transparent transaction where ethics aren’t jeopardized,” Armstrong continued.

Milestone Providers, LLC has been involved in the life settlement industry since early 2003. Prior to market entry, the principals of Milestone conducted extensive market research and identified market inefficiencies and weaknesses. With significant systems build-out and the ability to handle high processing loads, Milestone offers clients the ability to realize quicker than average transaction times and efficient placement of funds. Founded upon the highest degree of ethical standards and an unrelenting desire to bring continued efficiency to the market place, Milestone operates under the slogan of “We didn’t create the life settlement industry, we fixed it,”

To contact Milestone, visit their website at www.milestonesettlements.com or give them a call during normal business hours (Eastern Time) at 888-877-5686.