

## Griffin to Offer Coverage in Phoenix Insolvency

**Griffin Risk Capital Partners** is offering insurance for investors who own **Phoenix Cos.** policies and are worried that the insurer will go out of business and not be able to fully pay death benefits, according to Chris DeSilva, managing partner with Griffin in Orange, Calif.

The coverage is being offered by **Companion Property & Casualty Group** of Columbia, S.C., which also began providing lender-protection insurance for premium-finance lenders through Griffin in March.

The cost for the new coverage for portfolio owners ranges from a half percent to as high as 3% of face value. The cost depends on the length of time and amount of coverage being sought, DeSilva said.

"Two years ago, when the financial crisis hit, a number of groups were asking for this coverage," DeSilva said. "I don't know if we're two years too late to the party."

Phoenix, which has been facing financial difficulties, triggered an uproar in the life settlement market last year when it increased cost-of-insurance coverage. Investors at that time complained they thought it was unfairly targeted at the settlement market. They made complaints to regulators after the increase went into effect in April 2010, asking that the premium increase be rolled back.

Griffin also is offering new insurable-interest coverage with an A-rated **A.M. Best** reinsurer domiciled outside the U.S. that DeSilva said he could not name. The well-known firm also has an A+ rating by **Standard and Poor's**, he said.

The coverage for up to \$50 million in face is "quite expensive," DeSilva conceded. There's a one-time cost of between 5% and 10% of face value, which also includes defense costs for legal challenges.

## IMA Pulls Back from Lifemark Bailout

The Investment Management Association, a U.K. trade group, has pulled back from taking a lead role in bailing out **Lifemark**, the *Financial Times* said Tuesday.

The publication says that the Financial Services Compensation Scheme (FSCS), which reimburses investors for some losses, is now heading the negotiations with Lifemark administrator **KPMG** and has brought in its lawyers to discuss a possible \$30 million bailout.

The survival of the portfolio containing life settlements is necessary if the FSCS will ever be able to rebate levies it has assessed from investment intermediaries and fund managers to cover the costs of compensating the firm's investors, the *Financial Times* added.

Lifemark is a special purpose entity in Luxembourg that offered bonds backed by life settlements that were distributed by **Keydata Investment Services** in the U.K. Keydata was shut down in June 2009 after the Financial Services Authority decided that its bonds were not eligible for individual savings accounts and the firm owed taxes it could not pay.

The FSCS plans to start issuing levy reductions this month to firms caught in the Keydata scandal, *Investment Adviser* says.

The **Creative Print Group**, a Keydata creditor, has questioned the FSA's decision to put the distributor of bonds backed by life settlements under administration, the *Financial Times* reported.

On May 20, Stewart Ford, founder of Keydata, said in a statement that the Insolvency Service in the U.K. decided not to take action taken against him and other directors of the distribution firm under the Company Directors Disqualification Act of 1986.

No one from the Insolvency Service, which administers and investigates bankrupt companies and partnerships

wound up by the court, was immediately available to respond.

**PricewaterhouseCoopers**, the administrator of Keydata, had referred the Keydata directors to the Insolvency Service for investigation after the FSA ordered Keydata to be put under administration.

The U.K.'s Serious Fraud Office recently said it did not have enough evidence yet to support a criminal investigation into Keydata, but that it was not closing its investigation, SFO press officer David Jones previously told *The Life Settlements Report*.

In addition, he said his office is eager to get information from people with knowledge of possible misconduct by **SLS Capital**, one of the entities that allegedly contributed to the collapse of Lifemark.

"The FSA has gone out of its way to portray the Directors of Keydata as the villains in this affair. The dropping of all investigations by both the SFO and The Insolvency Service serve to highlight this injustice and the FSA's overt vilification of Keydata's management," Ford said in a statement.

"I have always maintained that the Keydata and Lifemark debacles are the direct consequence of the catastrophic actions taken by the FSA in forcing the administration of Keydata against the wishes of its management and then intervening in the affairs of Lifemark," he added. "They are not the fault of the management of either Keydata or Lifemark. As the conclusions of other public authorities continue to vindicate my point of view, the FSA is being left to face the music for the catastrophe it has created."

## Second Racketeering Case Filed Against Life Partners

Sean and Masako Turnbow of Texas are the latest plaintiffs to sue Waco, Texas, provider **Life Partners** and the second to allege racketeering violations against the firm.