



# **Lighthouse Life Settlement Advisor Program**

**DUE DILIGENCE KIT**

## DUE DILIGENCE KIT COMPONENTS

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## CORPORATE HIGHLIGHTS

### VALUE. EFFICIENCY. TRANSPARENCY.

#### Life Settlements Today

- An established alternative to surrendering or lapsing life insurance policies
- A valuable financial solution for seniors and their families regarding retirement, health care and long-term care needs
- Recommended by the National Association of Insurance Commissioners (NAIC) as a way to finance long-term care needs for seniors
- Life settlements provide, on average, four or more times the policy's cash surrender value, according to government and university studies
- Regulated in 43 states with strong senior consumer protections
- The NAIC reports that only two consumer complaints were received by state insurance regulators throughout the United States since the start of 2015

#### Experienced Leadership

- Over 80 years of combined senior leadership in the life settlement market
- Deep understanding of the life insurance and financial services industries

#### Professional Services

- Dedicated professionals focused on assisting financial advisors and insurance producers with life settlements
- Referral-based program specifically for financial professionals and their firms
- Focus on compliance and best practices for financial advisors and insurance producers
- Professional liability (E&O) protection for participating organizations and their professionals

- Vast knowledge and experience regarding life settlements and relevant laws and regulations
- No additional licensing required of Advisor or firm; no public reporting of Advisor or firm activity on behalf of Lighthouse Life
- Case submissions, case status and resource materials all accessed through secure Advisor Portal

#### Policyowner Services

- Transparent transaction through expanded disclosures to policyowners
- Fast and efficient from start to finish
- Market value offers to policyowners
- Advanced consumer protections
- Lower transaction fees

#### Due Diligence

- Lighthouse Life transactions are funded exclusively with institutional capital
- Commitment to transparency and delivering value to policyowners
- Full compliance with all regulatory requirements as a licensed life settlement provider
- Provide comprehensive compliance support and materials for Broker-Dealers, RIAs, IMO's and BGAs, financial advisors, insurance producers and professional advisors
- Fully compliant with the New York State Department of Financial Services Cybersecurity Regulation 500

## LEADERSHIP TEAM BIOGRAPHIES

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**Michael Freedman**  
CHIEF EXECUTIVE OFFICER

Michael has been a leader in the life settlement market for 17 years. He previously served as President of GWG Holdings, Inc. and its subsidiary life settlement provider GWG Life, LLC during which time the company became the second most active company in the industry. For 12 years prior, Michael led the life settlement market's legal and regulatory development as head of Government Affairs at Coventry First. He was the driving force behind the passage of more than 60 state and federal laws that promote and regulate life settlements. Michael currently serves as Chairman of the Public Policy Council of the Life Insurance Settlement Association, and as the Executive Director of the Alliance for Senior Health Care Financing. Michael holds a Bachelor's degree from the University at Albany and a Juris Doctorate degree from the University at Buffalo School of Law.

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**Michael Coben**  
CHIEF DISTRIBUTION AND  
BUSINESS DEVELOPMENT  
OFFICER

With more than 35 years of experience in financial services, Michael brings Lighthouse proven expertise in building strategic alliances and managing successful teams. For 13 years he led national sales as SVP, National Distribution at Coventry. He built and led a wholesale distribution platform that facilitated the purchase of more than 12,000 life insurance policies with a combined net death benefit of nearly \$30 billion. Michael also served as the CEO of Coventry Securities LLC, a registered broker-dealer focused on variable life settlements. Earlier, he was a regional director for Jackson National Life's Mid-Atlantic Region and a leading life insurance and annuity wholesaler for Manulife Financial. A national speaker and educator in the financial space, Michael is a member of the Philadelphia Estate Planning Counsel and the Society of Financial Service Professionals. He holds a BA from Dickinson College and FINRA series licenses 7, 24 and 63.

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**Anne Long**  
SENIOR VICE PRESIDENT,  
BUSINESS DEVELOPMENT

Anne has over 35 years of experience as an insurance executive and strategy consultant with significant expertise in the design and implementation of revenue growth strategies for corporate and entrepreneurial clients. She has held executive leadership positions with Manulife, Merrill Lynch and NFP where she was CEO of the domestic and international life, annuity and long-term care businesses. With a practice specialty in start-up ventures, her ability to translate goals into real results has accelerated the growth of many organizations. Her consulting clients have included corporate and entrepreneurial organizations in the fields of accounting, insurance, wealth management and group benefits. In addition she has spoken extensively and moderated panel discussions at industry conferences. Anne chairs Temple University's College of Liberal Arts Board of Visitors and is a past Board Trustee of The American College of Financial Services. She holds a BA and MPA from Temple University.

## LEADERSHIP TEAM BIOGRAPHIES

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### **Ted Kilkuskie**

SENIOR VICE PRESIDENT,  
BUSINESS DEVELOPMENT

Ted has more than 30 years of experience in the financial services industry and joined Lighthouse Life from The American College of Financial Services where he was the National Sales Manager. While at The College, Ted oversaw the business development and sales efforts for all Financial Services channels and developed new and innovative programs for College customers in the broker dealer and insurance industries in addition to running the College's outbound call center. Ted's expertise and knowledge in the life settlement market stems from his experience with Coventry Financial as Senior Vice President, Sales and National Insurance Accounts. Additionally, Ted had served as the President and General Manager of the U.S. Life Insurance Company at Manulife Financial Corporation and was Executive Vice President and National Sales Manager with State Street Research Investments and Prudential Investments. Ted is a respected national educator and speaker on financial services topics. Ted holds a BS from Villanova University and FINRA series license 7, 24, and 63 as well as Life and Health licenses.

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### **Jim Dodaro**

CHIEF INVESTMENT  
AND FINANCIAL OFFICER

Jim has almost 20 years of experience in the life settlement and insurance-linked alternative assets space. Previously, he structured and led operations for Coventry. He developed the company's start-up business plan, operationalized its business strategy and acquired nearly \$30 billion of life insurance assets through the secondary market. Jim built and led the company's financial analysis, asset valuation, financial underwriting, asset buying, trading and portfolio management platforms. He also developed new capital sources, business ventures, and product lines. Jim has significant experience in life settlement asset management, negotiating complex financial transactions and managing relationships with investors. He holds a BS in Finance from Penn State University and an MBA from the University of Pennsylvania's Wharton School of Business.

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### **Andrew Brecher**

CHIEF OPERATING OFFICER

For more than 20 years, Andrew has managed and directed operations and technology platforms in the life settlement market. He was previously Chief Information Officer at Coventry. Here, he was responsible for the design and implementation of the market's first life settlement pricing and tracking system, and several other mission-critical enterprise and business intelligence systems. Andrew has managed many domestic and international locations, and developed considerable experience in all aspects of information technology, operations, infrastructure and facilities management. He is also an expert in cyber security and disaster recovery and holds a certification in Cyber Security Management from the Information Systems Audit and Control Association. Andrew holds a BS from Syracuse University's Whitman School of Management.

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### **Kate Murphy**

SENIOR VICE PRESIDENT,  
BUSINESS OPERATIONS

Kate has more than 20 years of experience in the financial services industry. She joined Lighthouse Life from Vanguard, where she recently led a team of relationship managers working with nonprofit clients in Vanguard's Institutional division. She also worked in the Office of the General Counsel as a project manager and as a leader of internal sales in their Financial Advisor Division. Kate has 10 years of life settlement experience, managing both sales and operations teams at Coventry. Kate holds a BA from The College of the Holy Cross and her MBA from Drexel University.

## LIFE SETTLEMENT FACT SHEET

1. Each year for the next 10 years, \$200 billion of life insurance will be lapsed or surrendered that could qualify for a life settlement.<sup>1</sup>
2. \$85 billion of life insurance policies with face amounts between \$100,000 and \$1,000,000 that would have qualified for a life settlement are terminated each year.
3. 88% of all Universal Life policies that are issued are lapsed or surrendered without payment of a death benefit because policyholders no longer want, need or can afford their policies.<sup>2</sup>
4. 75% of seniors (age 65 or older) will terminate their Universal Life and Term Life Policies.
5. Life Settlements pay policyowners an average of four or more times the policy's cash surrender value.<sup>3</sup>
6. 90% of Americans live in the 43 states with life settlement laws that provide substantial consumer protections in the sale of a policy.
7. Nine states require disclosure of alternatives to the lapse or surrender of a life insurance policy, which includes life settlements.
8. The National Association of Insurance Commissioners (NAIC) reports only two consumer complaints were received by state insurance regulations throughout the United States since the start of 2015.<sup>4</sup>
9. The NAIC has endorsed life settlements as a way for seniors to finance their long-term care costs.<sup>5</sup>
10. Federal and State "best interest" and suitability standards are being adopted, which will result in insurance and financial professionals recommending more life settlements.

<sup>1</sup> *Life Settlements - Continued Growth, Positive Outlook (2018)*, Conning, p. 43.

<sup>2</sup> *Lapse-Based Insurance*, Daniel Gottlieb, Olin Business School, Washington University and Kent Smetters, Wharton School, University of Pennsylvania, June 6, 2016.

<sup>3</sup> *Empirical Investigation of Life Settlements: The Secondary Market for Life Insurance Policies*, Afonso V. Januario, Narayan Y. Naik, London Business School (2013).

<sup>4</sup> *NAIC Consumer Information Source, Reasons Why Closed Confirmed Consumer Complaints Were Reported As of July 8, 2019*.

<sup>5</sup> *American Council of Life Insurers Fact Book (2017)*.

## LIFE SETTLEMENT REGULATION

### Life Settlements are a Property Right

Life settlements are the exercise of an established property right to sell a life insurance policy. Over a century ago, the US Supreme Court established that life insurance policies enjoy the “ordinary characteristics of property,” that includes the right to sell a policy in an open market. As Justice Oliver Wendell Holmes explained for a unanimous court: “To deny the right to sell except to persons having such an [insurable] interest is to diminish appreciably the value of the contract in the owner’s hands.” *Grigsby v. Russell*, 222 U.S. 149 (1911).

### Consumer Protection for Seniors

The National Association of Insurance Commissioners reports that since the start of 2015, only two consumer complaints have been reported to insurance regulators throughout the United States. In addition, there is no regulatory enforcement or litigation of note involving policyowners who have entered into life settlements. This is due, in large part, to the comprehensive laws and regulations that protect seniors who sell their life insurance policies.

- State insurance departments require extensive licensing, reporting and accountability of life settlement companies.
- Detailed consumer disclosures are required across the country. They cover both life settlements in general and individuals’ transactions in particular.
- All individuals selling their own life insurance policies must obtain a competency certification from their own physicians before entering into a life settlement.
- All life settlement proceeds due to the seller are held with a federally chartered bank during the period between contract execution and confirmation of the change in policy ownership.
- Lighthouse Life requires that policy beneficiaries acknowledge the transaction, even though this is not a statutory requirement.

### Consumer Disclosures and Transparency

Increasingly, states have been promoting laws and rules that require policyowners be told about alternatives to the lapse or surrender of their policies, including life settlements. In 2016, the National Council of Insurance Legislators (NCOIL) re-adopted the Life Insurance Consumer Disclosure Model Act, which mandates that insurance companies offer alternatives to the lapse or surrender of a life insurance policy, including life settlements. Nine states to date have enacted some form of disclosure requirement.

The level of transparency in life settlement transactions has also had a significant, positive impact in the market. Most states require disclosure of compensation paid to settlement brokers. Lighthouse Life embraces even greater transparency by disclosing all compensation and referral fees that have been paid by Lighthouse Life.

### Senior Healthcare, Long-Term Care and Life Settlements

In 2017, the National Association of Insurance Commissioners (NAIC) endorsed life settlements as a way for seniors to finance their long-term care costs. The NAIC cited several national studies that life settlement proceeds are “generally four or more times greater than if [the policyowner] lapsed or surrendered their policy.”

Protection at the state level is also evolving. In 2013 Texas became the first state to pass a “Medicaid Life Settlements” law that promotes life settlements as an alternative to Medicaid for financing long-term care costs. To date, eight states have introduced and/or acted on similar legislation that helps those in need of long-term care. It would also save tens of millions of dollars annually in Medicaid spending.

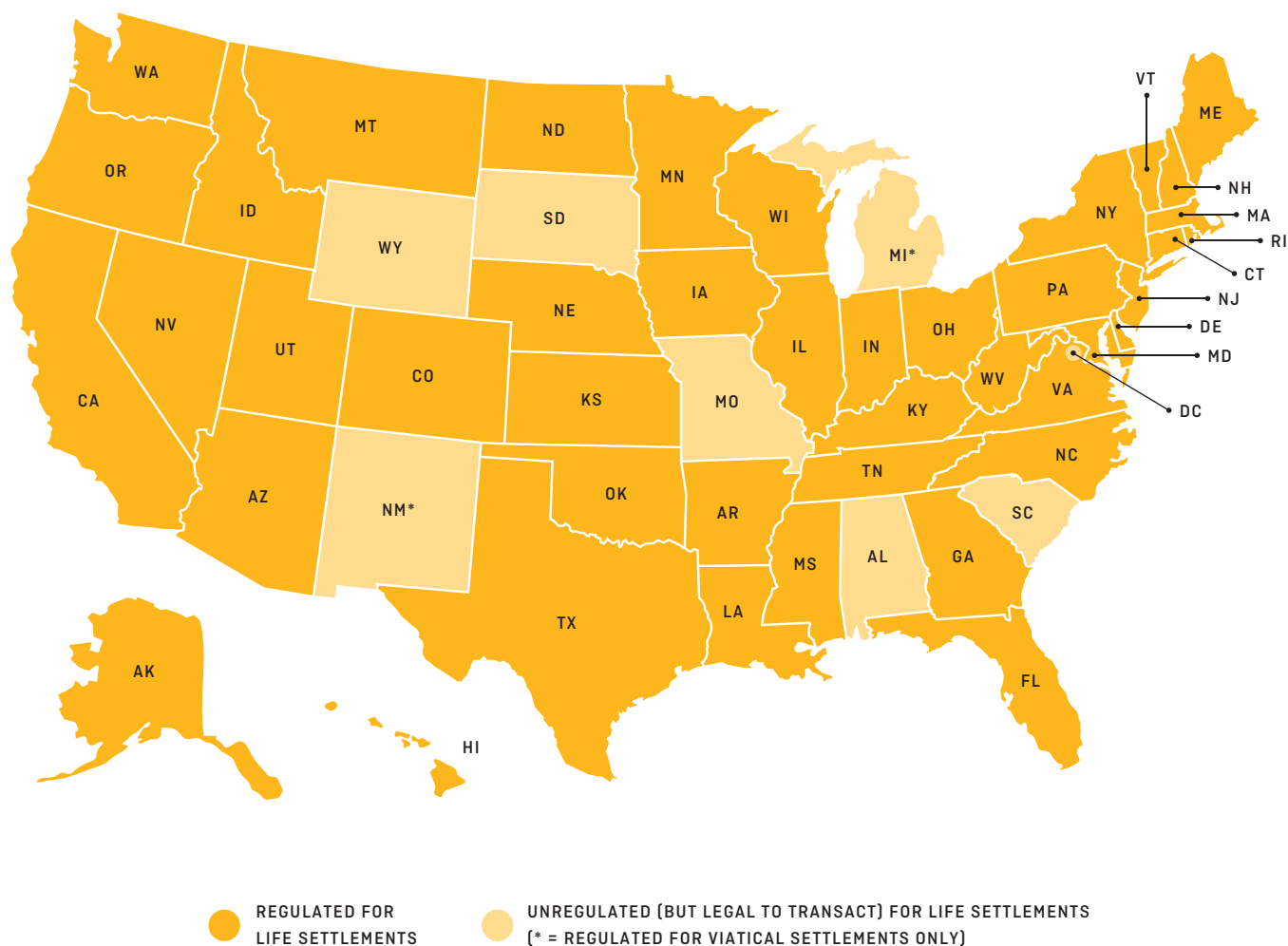
In 2018, Congress introduced HB7302, which would allow life settlement proceeds to be rolled over, tax-free, into investment accounts dedicated to fund senior healthcare needs, including long-term care needs. If adopted, this new law would help seniors use assets they already own—their life insurance policies—from which they otherwise often realize no benefit, to pay healthcare costs in retirement. This legislation would reduce dependence on government programs such as Medicaid, thus saving billions for federal and state governments.

## LIFE SETTLEMENT REGULATION

## 43 States Regulate Life Settlements

Life settlements are among the most transparent and secure financial service transactions in the United States and are both well-regulated and highly-regulated by state insurance laws and regulations.

Over 90% of the US population lives in the 43 states that currently regulate life settlements.





## LIFE SETTLEMENT QUALIFICATIONS

Life settlement companies appraise policies based on information related to the policy and the health of the insured. In most cases, a brief interview can help establish if an individual would qualify for a life settlement.

### Lighthouse Life Case Submission Parameters

Lighthouse Life accepts referrals based on the following parameters (subject to case-specific exceptions):

POLICY TYPE	All policy types
POLICY SIZE	\$100,000 +
INSURED'S AGE	70 and older (with exceptions for younger insureds with severe and/or multiple health impairments)
INSURED'S HEALTH	A change in health is typically needed since the original policy was issued. There are, however, some exceptions based on specific policy types such as Guaranteed Universal Life (GUL) Policies
INSURED DOMICILE	US
CARRIER RATING	Investment grade or higher
RESTRICTIONS	No Stranger Originated Life Insurance (STOLI)

## CASE EXAMPLE: UNIVERSAL LIFE (LAPSE PENDING)

### Universal Life Policy (At Risk of Lapsing Within 12 Months)

POLICY TYPE	Universal Life
POLICY SIZE	\$250,000
INSURED'S AGE	77
INSURED'S RATING CLASS AT ISSUE	Preferred Non-Smoker
INSURED'S CURRENT HEALTH	Significant change in health (since the policy was issued) with multiple ailments
CASH SURRENDER VALUE	\$4,600
ANNUAL PREMIUM	\$12,000
LIFE SETTLEMENT VALUE	\$75,000

#### Case Description

Policyowner, who was also the insured, purchased the policy 15 years ago for income protection for his spouse. The policy did not perform up to expectations due to the lower interest rate environment since the time the policy was originally purchased. The current premium of \$12,000 was three times higher than the original premium and

the policy was in jeopardy of lapsing within 12 months. The insured's health had deteriorated, and his family was concerned about his need for resources to pay for nursing care. The life settlement was timely and provided funding for his anticipated costs for care.

*Many factors determine the value of a policy in a life settlement, including, but not limited to, the health of the insured and premium costs. The above case example illustrates a policy's value in a life settlement transaction.*

## CASE EXAMPLE: CONVERTIBLE TERM

### 15-Year Level Term Policy (Premium Increase Expected Within 2 Years)

POLICY TYPE	Term Life
POLICY SIZE	\$500,000
INSURED'S AGE	74
INSURED'S RATING CLASS AT ISSUE	Standard Non-Smoker
INSURED'S CURRENT HEALTH	One primary ailment (since policy was issued)
CASH SURRENDER VALUE	\$0
ANNUAL PREMIUM	\$1,900 with substantial increase in less than two years
LIFE SETTLEMENT VALUE	\$30,000

#### Case Description

Policyowner, who was also the insured, purchased a 15-year term policy 13 years ago to cover a mortgage he had on the family's vacation home. The mortgage was nearly paid off and there was no need to continue the coverage. The policy was converted to a low-cost Universal Life policy prior to being sold and the life settlement proceeds recaptured the after-tax cost of the 13 years of premium payments.

*Many factors determine the value of a policy in a life settlement, including, but not limited to, the health of the insured and premium costs. The above case example illustrates a policy's value in a life settlement transaction.*

## CASE EXAMPLE: UNIVERSAL LIFE (BUSINESS CASE)

### Universal Life Policy Originally Purchased as Part of a Buy-Sell Agreement

POLICY TYPE	Universal Life
POLICY SIZE	\$800,000
INSURED'S AGE	79
INSURED'S RATING CLASS AT ISSUE	Preferred Non-Smoker
INSURED'S CURRENT HEALTH	One primary ailment (since policy was issued)
CASH SURRENDER VALUE	\$18,000
ANNUAL PREMIUM	\$28,000 projected to age 100
LIFE SETTLEMENT VALUE	\$110,000

#### Case Description

Policyowner, who was also the insured, was a business owner who originally purchased a Universal Life policy to fund a buy-sell agreement for a family business. The business was in the process of being sold and the need for the coverage was eliminated.

*Many factors determine the value of a policy in a life settlement, including, but not limited to, the health of the insured and premium costs. The above case example illustrates a policy's value in a life settlement transaction.*

## FEDERAL TAX TREATMENT OF LIFE SETTLEMENT PROCEEDS

A life settlement is the sale of a life insurance policy for market value to a third-party purchaser—that is, a purchaser other than the insurer that issued the policy. The Tax Cuts and Jobs Act of 2017 specifically addressed how federal taxes are computed on the proceeds of a life settlement transaction:

- Proceeds received up to the policy's tax basis are free of income tax. The tax basis of any asset generally is its cost. The tax basis of life insurance policies is the total premiums paid less the amounts received under the policy that are excludable from gross income, such as the return of premium via dividends for whole life policies.
- Proceeds that are greater than the tax basis, up to the amount of the cash surrender value, are taxed as ordinary income tax rates.
- Proceeds that are in excess of the cash value are taxed at long-term capital gains if the policy is held more than one year.

The following is an example of the tax treatment of a life settlement transaction involving the sale of a policy held over one year on which no amounts had been paid by the insurer to the policyholder.<sup>1</sup>

TAX BASIS (CUMULATIVE PREMIUMS PAID)	\$25,000
CASH SURRENDER VALUE	\$30,000
LIFE SETTLEMENT PROCEEDS	\$120,000
PROCEEDS TAXED AS ORDINARY INCOME	\$5,000
PROCEEDS TAXED AS LONG-TERM CAPITAL GAINS	\$90,000

*Lighthouse Life Solutions does not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. Parties should seek advice from and rely on their accounting/tax professionals.*

<sup>1</sup> Because the face value of the policy is not relevant to the calculation, no face value is identified. The purchase price for insurance policies is not a fixed percentage of face amount. Instead, price is determined by market factors, including actuarial considerations.



**The Lighthouse Life  
Settlement Advisor Program**

Help seniors benefit from  
what's rightfully theirs—  
their life insurance.

You've seen the data. The number of seniors at risk of not having enough to live on is growing. Many don't know that life settlements can be a valuable resource for help with post-retirement financial or healthcare needs. In fact, life settlements offer on average four or more times the cash surrender value of their life insurance policies. That's why we passionately advocate for life settlements to be an important financial option for seniors.



A man with a beard and curly hair, wearing a dark blue suit and tie, is seated at a table and talking to an older man with white hair. The older man is wearing a light yellow shirt. They are in a room with a large window in the background showing greenery and a white chair. The man in the suit is holding a pen and looking at the older man. There are papers on the table.

## **Life settlements:** **A valuable alternative to lapsing or surrendering a policy.**

The National Association of Insurance Commissioners recommends life settlements as a way for seniors to finance their long-term care. Life settlements are highly regulated across the U.S. and offer exceptional consumer protections.



## **The Advisor Program. Value. Efficiency. Transparency.**

### **You are authorized as our “agent.”**

- Advisors and their firms contract with Lighthouse Life, establishing an agency relationship similar to an appointment of producers by insurers.
- Advisors educate and recommend quick, no-cost, policy appraisals and, if qualified, life settlement to qualified policyowners.
- Qualified insureds are generally age 70 and over with policies of at least \$100,000 and have had a change in health since the policy was issued.
- Advisors refer qualified policyowners directly to us, via a secure Advisor Portal.
- No additional licensing is required of Advisors or firms. And no public reporting of Advisor or firm activity on behalf of Lighthouse Life is required.

### **We’re compliance-focused for Advisors and firms. Count on us for:**

- Disclosure to policyowner of non-exclusive “agency” relationship with Lighthouse Life.
- Suitability checklist completed by policyowner.
- Mandatory competency certification for insured-owned policies, by their own physician.
- Requirement that policy beneficiaries acknowledge the life settlement transaction.
- Lower fees vs. traditional, multi-layer life settlement broker commission structure, including full disclosure to seller.

- Professional liability (E&O) coverage for both Advisors and firms provided by Lighthouse Life.
- Comprehensive due diligence package available for approval by broker-dealers, registered investment advisors and insurance firms.
- Lighthouse Life transactions are funded exclusively with institutional capital.

### **We drive process from start to finish.**

- Advisors submit a referral through the Advisor Portal and a member of the Lighthouse Life client relationship team guides the policyowner through the process from start to finish.
- Lighthouse Life conducts expedited intake interview to collect medical and policy information, and, if appropriate, makes an offer to purchase qualified policies within 3-5 days.
- Policyowners can receive life settlement proceeds within 45-60 days from the start of the process.
- Advisors are provided real-time updates on the status of cases they’ve referred.
- Fully-disclosed referral fees are paid to Advisors and their firms within five (5) business days after the applicable state rescission period for each policy purchased.

## Consider the opportunities for financial professionals and firms.

**Life settlements generate “found money” for living in retirement.**

Life settlements pay policyowners an average of four or more times the policy’s cash surrender value. This “found money” creates new opportunities for you to help your clients. Do they need resources to fund retirement planning objectives, costs of living, healthcare or long-term care? What new or existing income replacement products might be useful?

**Re-engage with senior clients.**

Nothing is more satisfying than being able to assist clients who are in real need of a solution that can truly benefit them. Helping with a policy appraisal is a great way to start.

**Attract a new generation of clients to your practice.**

Life settlements often provide financial benefits and relief for entire families. That’s an opportunity for you to establish or enhance relationships with the adult children of senior policyowners.

**Expand your offerings. Network. Grow.**

Many Advisors tell us that life settlements have helped them expand their practices. Discussions, appraisals and networking around an innovative product that addresses a widespread need is a smart way to grow your practice.



**Why life settlements?  
Why now?**

**\$200B**

VALUE OF SENIOR-OWNED  
LIFE POLICY BENEFITS  
THAT TERMINATE EVERY  
YEAR, BUT MEET LIFE  
SETTLEMENT CRITERIA

**\$85B**

VALUE OF SENIOR-OWNED  
LIFE POLICY BENEFITS  
WORTH \$100K TO \$1MM  
THAT TERMINATE EVERY  
YEAR, BUT MEET LIFE  
SETTLEMENT CRITERIA

**75%**

SENIOR-OWNED TERM  
AND UNIVERSAL LIFE  
POLICIES THAT WILL  
TERMINATE WITHOUT  
PAYING A DEATH BENEFIT

## REQUIREMENTS FOR FIRMS AND FINANCIAL PROFESSIONALS

Lighthouse Life Solutions, LLC (“Lighthouse Life”) offers an agency program which allows professionals to refer potential policy sellers to Lighthouse Life. Where these professionals are also SEC-registered broker-dealers (“Financial Advisors”), the opportunity to act as a Lighthouse Life Settlement Advisor (“Lighthouse Life Advisor” or “Advisor”) must be approved by the broker-dealer, either pursuant to a Master Lighthouse Life Settlement Advisor Agreement (“Master Agreement”) and/or as an outside business activity under FINRA Rule 3270 (“OBA”). Even though only variable life settlements are treated as securities by FINRA, Lighthouse Life requires all Lighthouse Life Advisors to operate in accordance with certain suitability and disclosure standards.

### Suitability and Fair and Balanced Communications

FINRA Rule 2111 requires that before making a recommendation to a client, a Financial Advisor must have a reasonable basis for believing that the transaction is suitable for the client. This requires the Financial Advisor to not only understand the nature of the transaction but also the financial situation of the client. A Financial Advisor must make reasonable efforts to obtain information concerning the customer’s financial status, tax status, investment objectives and other relevant information. The suitability determination should be documented pursuant to the broker-dealer’s policies and procedures.

As well, FINRA Rule 2210 requires that all communications and marketing materials presented to the policyowner present a fair and balanced view of the potential financial transaction. To that end, Financial Advisors must discuss not only the benefits of seeking a life settlement but also the potential risks.

### Suitability Factors

There are several factors that a Financial Advisor should consider when determining whether a policyowner should be a candidate for the sale of a life insurance policy. As with all suitability determinations, the facts and circumstances of the particular policyowner must be analyzed before a transaction is recommended. The factors that a Financial Advisor should consider include but are not limited to a policyowner’s age, investments, financial

situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the policyowner may disclose to the Financial Advisor.

Below is a non-exhaustive list of the considerations that Financial Advisors may find helpful in analyzing the suitability of a life insurance settlement for a policyowner:

**Policy no longer needed.** Some policyowners may simply no longer need the protection of the life insurance policy because of changes in the policyowner’s life. For example, many seek life insurance to protect children or a spouse. Changes in life circumstances may lead the policyowner to determine that the policy is no longer necessary. A life settlement may be a financially valuable option for a policyowner who would otherwise surrender their policy or allow the policy to lapse.

**Premiums are too high.** A policyowner might believe that the premiums for a particular policy are too high to continue with the insurance. Depending on the policyowner’s continued need for insurance and the availability of other options, the policyowner may have determined to surrender the policy because it is no longer affordable.

**Risks to policyowner.** It is important to take into account the risks that the life settlement may have on the policyowner. Consider the policyowner’s continued need for life insurance. If the policyowner intends to replace the existing policy with another policy, it is important to assess the availability, adequacy and cost of comparable coverage. As well, there may be tax consequences for the policyowner in the sale of the policy and receipt of the settlement funds could affect the policyowner’s eligibility for public assistance programs such as Medicaid.

### Required Suitability Questionnaire and Disclosures for Policyowners

Lighthouse Life requires all Lighthouse Life Advisors to use the specified Suitability Questionnaire and Disclosure for Policyowners concerning life settlements. The questionnaire should be used by the Lighthouse Life Advisor to supplement the information used to make a professional determination as to the suitability of a life settlement for any particular policyowner.

## LIFE SETTLEMENT SUITABILITY QUESTIONNAIRE AND DISCLOSURES FOR POLICYOWNERS

### Policyowner Information Regarding Purpose/Need for Life Settlement

The following questions will be used by your financial advisor/insurance agent to collect information from you to assess your interest in selling your life insurance policy to a third party. As applicable, the information collected through these questions will be used in conjunction with other information your advisor/agent has collected about your financial objectives and profile. You should review these disclosures carefully. By signing below, you agree you have read and understand the disclosures set forth below.

#### Please Identify All That Apply

As a life insurance policyowner, I am interested in selling the policy to a third party because:

- ☐ The policy is no longer needed.
- ☐ I intend to allow the policy to lapse.
- ☐ There are no longer beneficiaries and/or the beneficiaries no longer need death benefit protection under the policy.
- ☐ I have short-term liquidity needs that outweigh the benefits of the policy (e.g., college tuition, healthcare costs, etc.).
- ☐ The premiums are too high.
- ☐ To the extent I need life insurance, I have determined that adequate coverage is available to me at a more reasonable cost.

### Policyowner Acknowledgements

I have considered the tax consequences (if any) of selling the policy.

I have considered whether the sale of the policy and receipt of settlement funds could affect my eligibility for public assistance programs.

I have considered whether I have assets sufficient to cover liabilities expected to be covered by the policy.

### Important Disclosures for Policyowners

Lighthouse Life Solutions, LLC ("Lighthouse Life") engages in a program in which financial professionals ("Lighthouse Life Settlement Advisor(s)" or "Advisor(s)") refer policyowners to Lighthouse Life for appraisal and a potential offer of a life settlement contract.

The Lighthouse Life Settlement Advisor represents exclusively the interest of Lighthouse Life in the purchase of the policy and receives compensation from Lighthouse Life for life insurance policies that Lighthouse Life purchases. Since the Advisor represents Lighthouse Life only for the purchase of policies by Lighthouse Life, the Advisor is not acting as a life settlement broker with Lighthouse Life and, as such, is not authorized to, and will not participate in, any negotiating of any life settlement contract between the Owner and Lighthouse Life. All negotiations, including offers, counteroffers, acceptance and rejections, surrounding the sale of the policy to Lighthouse Life are done directly between the Owner and Lighthouse Life.

There may be other parties willing to buy your life insurance policy. You are encouraged to seek bids from other potential purchasers. Upon request, the Advisor can provide you with information about life settlement brokers and life settlement purchasers in your state.

Should you seek to sell your policy to Lighthouse Life, you will receive an important risk disclosure document prior to completing the transaction. You should review the risk disclosure information carefully before entering into any transaction.

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NAME OF ADVISOR/AGENT

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AFFILIATED FIRM (IF APPLICABLE)

By signing below, I certify that the information I have provided is accurate. I have read and understand the above disclosures provided by the advisor/agent.

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POLICYOWNER NAME

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POLICYOWNER SIGNATURE

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DATE

## CONSENT TO SHARE NON-PUBLIC PERSONAL INFORMATION

Attached is the privacy policy for **[NAME OF FIRM]**. If you consent to the disclosure of your nonpublic personal information to Lighthouse Life Solutions, LLC ("Lighthouse Life"), please sign below.

By signing below, I understand and agree that **[NAME OF FIRM]** may share my nonpublic personal information with Lighthouse Life, a third-party, unaffiliated company. I understand that nonpublic personal information can include my physical and email addresses, phone numbers, date of birth, and other personal information that I have previously provided to **[NAME OF FIRM]**.

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POLICYOWNER NAME

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POLICYOWNER SIGNATURE

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DATE

## OUTSIDE BUSINESS ACTIVITY CLIENT AGREEMENT AND DISCLOSURE FORM (FOR BROKER-DEALERS ONLY)

This document contains important disclosures concerning the sales of life insurance by your financial advisor, **[insert name of financial advisor]**. You should review these disclosures carefully. By signing below, you agree you have read and understand the disclosures set forth below.

- **[Insert name of financial advisor]**, participates in a program offered by Lighthouse Life Solutions, LLC ("Lighthouse") which allows your financial advisor to refer policy sellers to Lighthouse for compensation.
- **[Insert name of financial advisor]**'s role in this activity is conducted as an outside business activity that is wholly independent of **[Broker-Dealer]** and its affiliates (the "Company"). The Company receives no compensation for the sale of life insurance by your financial advisor. Your financial advisor may receive compensation if your policy is purchased by Lighthouse.
- The sale of non-variable insurance is not a security and is not subject to regulation by securities regulators such as the US Securities and Exchange Commission or the Financial Industry Regulatory Authority.
- When engaging in the solicitation of life insurance or other related activities, your financial advisor is not an agent of the Company. As such, the Company has no obligation to determine whether the sale of a life insurance policy is suitable for you.
- The Company does not accept responsibility for the activities of **[Insert name of financial advisor]** in connection with the sales of life insurance.
- The sale of life insurance is governed by the insurance laws of the state in which the owner of the policy resides. For further information you should contact the appropriate state insurance department.

**I have read and understand the disclosures above.**

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POLICYOWNER NAME

---

POLICYOWNER SIGNATURE

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DATE

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FINANCIAL ADVISOR

## LIGHTHOUSE LIFE SETTLEMENT ADVISOR PROGRAM — MASTER ADVISOR AGREEMENT

THIS Lighthouse Life Settlement Advisor Program Master Advisor Agreement (the “**Master Advisor Agreement**” or “**Agreement**”) is made and entered into as of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”) by and between Lighthouse Life Solutions, LLC, a Delaware limited liability corporation with its principal office at 1100 East Hector Street, Suite 415, Conshohocken, PA 19428 (“**Lighthouse Life**”) and \_\_\_\_\_, a \_\_\_\_\_ company with its principal office located at \_\_\_\_\_ (the “**Company**”) (each referred to herein as a “**Party**” and collectively as the “**Parties**”).

### RECITALS

**WHEREAS**, Lighthouse Life is duly authorized to operate as a life settlement provider in states throughout the United States and seeks to purchase qualified life insurance policies (“**Policy**” or “**Policies**”) from qualified owners of Policies (“**Policyowner(s)**”);

**WHEREAS**, The Company desires to participate in the Lighthouse Life Settlement Advisor Program, whereby the Company will serve as the master agent (the “**Master Advisor**”) that is responsible for the oversight and control of any individuals and entities that operate under the authority of the Master Advisor (“**Affiliated Advisor(s)**”) (The Master Advisor and Affiliated Advisors are collectively referred to herein as an “**Advisor(s)**”) (the “**Lighthouse Life Settlement Advisor Program**” or “**Program**”); and

**WHEREAS**, Lighthouse Life desires to pay compensation to Advisors upon the successful purchase of a Policy from a Policyowner referred by Advisors.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties agree as follows:

#### 1. Duties and Obligations of Advisors.

- (a) Advisors agree to provide services to Lighthouse Life including, but not limited to, referring qualified Policyowners to Lighthouse Life, assisting Lighthouse Life with the collection of necessary information regarding the Policyowner and the Policy and representing Lighthouse Life in the purchase of the Policy. Advisors shall provide Lighthouse Life with all pertinent facts regarding the Policyowner, the insured under the policy (the “**Insured**”), the Policy and the transaction (“**Referral Services**”).
- (b) Master Advisors shall follow, monitor, and be responsible for Affiliate Advisors’ actions regarding the Referral Services provided pursuant to this Agreement, including, but not limited to, compliance with all state and federal laws, orders, rules and regulations, and all such other actions necessary to maintain a positive business reputation.
- (c) Advisors acknowledge that they represent Lighthouse Life and shall not act as the Policyowner’s agent, broker or fiduciary with respect to the Referral Services rendered herein. Advisors shall not negotiate the sale of a Policy between Lighthouse Life and a Policyowner. Advisors further acknowledge that all offers, rejections, counteroffers and acceptances to a Policyowner to purchase a Policy by Lighthouse Life will be done directly between Lighthouse Life and the Policyowner. Advisors acknowledge that any and all information submitted to Lighthouse Life by the Advisor shall be true and accurate.
- (d) Advisors acknowledge that they will not engage in any form of Advertising of life settlements; whether on behalf of Lighthouse Life or on the Advisors’ own behalf, unless the Advertising has been approved by Lighthouse Life. “**Advertising**” means any form of communication, circulated or placed, directly or indirectly, before the public with the purpose of creating an interest or inducing someone to sell their life insurance policy.

## MASTER ADVISOR AGREEMENT

- (e) Advisors shall maintain all information regarding potential and actual Policyowners, Insureds, Policies and transactions related to the purchase of a Policy as Confidential Information (as hereinafter defined). Advisors shall obtain and maintain all necessary legal consents from policyowners prior to any use or disclosures of personal information and data necessary for Lighthouse Life to perform its covenants, duties, obligations and services under this Agreement.
- (f) Advisors shall provide Policyowners who the Advisor intends to refer to Lighthouse Life with certain written disclosures, on forms provided by Lighthouse Life, including a disclosure that the Advisor may receive compensation from Lighthouse Life for Policies that are purchased by Lighthouse Life on a disclosure form provided by Lighthouse Life.
- (g) Advisors registered as a representative of an SEC-registered broker-dealer represents that the Advisor:
  - 1. has received approval, in writing, from that broker-dealer of their authority to act as an Advisor, has fully complied with FINRA Rule 3270 (Outside Business Activities of Registered Persons), if applicable, and has complied with all applicable policies and procedures of the broker-dealer;
  - 2. is not disqualified for any reason from acting as an Advisor;
  - 3. is not the subject of any SEC, FINRA or any other federal or state regulatory or law enforcement investigation, action, supervision or sanction, or has been charged with, indicted for, convicted of, any criminal act or offense and, further, agrees to notify Lighthouse Life if the Advisor becomes subject of any such investigation, action, supervision or sanction or other regulatory or law enforcement action; and
  - 4. agrees to comply with the terms of FINRA Rules 2210 (Communications with the Public) and 2111 (Suitability) for all solicitations made to policyowners on behalf of Lighthouse Life.

### 2. Duties and Obligations of Lighthouse Life.

- (a) Lighthouse Life will provide information, resources and training to Advisors on the Lighthouse Life Settlement Advisor Program including how to identify and refer Policies from Policyowners which may qualify for purchase by Lighthouse Life. Lighthouse Life may, when it deems warranted in its sole discretion, make offers to Policyowners referred by the Settlement Advisor pursuant to the Referral Services provided herein.
- (b) Lighthouse Life shall timely notify Advisor of the status of each Policyowner and/or Policy referred to Lighthouse Life by the Advisor, including whenever any such policy is purchased by Lighthouse Life, pursuant to which Services were provided by the Advisor under this Agreement.
- (c) Lighthouse Life shall provide professional liability insurance coverage to Advisors for Referral Services performed on behalf of and at the direction of Lighthouse Life.

### 3. Compensation to Advisors.

- (a) Lighthouse Life shall pay to the Master Advisor and Affiliate Advisor a referral fee ("**Referral Fee**") for any Policy that was referred to Lighthouse Life by an Advisor that is purchased by Lighthouse Life as set forth in the Compensation Schedule attached hereto as Exhibit A ("**Compensation Schedule**").
- (b) The Referral Fee will be paid to the Master Advisor and Affiliate Advisor no later than five (5) business days after the later of (1) the expiration of any applicable statutory or contractual period governing the rescission of the sale of the Policy or (2) the release of the escrowed funds to the Policyowner pursuant to the terms of the purchase agreement between the Policyowner and Lighthouse Life. Where no statutory or contractual period governing rescission of the sale of the Policy, then the Success Fee shall be paid no later than five (5) business days after the release of the escrowed funds to the Policyowner pursuant to the terms of the purchase agreement between the Purchaser and the Policyowner.



## MASTER ADVISOR AGREEMENT

- (c) Notwithstanding any other provision of this Agreement, the Master Advisor and the Affiliate Advisor shall forfeit any and all compensation contemplated by this Agreement, and this Agreement shall be immediately terminated if, without the prior written consent of Lighthouse Life, the Master Advisor or the Affiliate Advisor receives compensation in any form from another Person for the purchase of a Policy that Lighthouse Life purchases.
- (d) The Master Advisor and the Affiliate Advisor shall bear sole responsibility for payment of any federal, state, and local income taxes, social security, taxes, workers' compensation coverage, unemployment insurance, liability insurance, health and/or disability insurance, retirement benefits or other welfare or pension benefits, and/or other payments and expenses. The Advisor agrees to indemnify, defend and hold harmless the Lighthouse Life from any demands, losses, expenses, liabilities or other costs (including court costs and reasonable attorneys' fees) in respect of any such taxes or benefits.

#### 4. Term and Termination.

- (a) Subject to the provisions contained of Section 5(b), the term of this Agreement shall be one year and shall automatically renew for another Term on the anniversary of the Effective Date. The Term and any renewal, as applicable, shall be referred to herein as the "Term."
- (b) Either Party may terminate this Agreement upon delivery of written notice to the other party. This Agreement shall terminate immediately upon any breach hereof by any Party of the terms of this Agreement. Upon termination, the Advisors shall no longer act on behalf of Lighthouse Life. Termination shall not release either Party from liability to the other for prior acts or omissions, which shall survive this Agreement for a period of five years.

**5. Independent Contractor.** Master Advisor agrees that the Master Advisor, (along with Affiliate Advisors, employees, agents, and subcontractors, if any) is an independent contractor and that the Master Advisor (and any such Affiliate Advisor, employee, agent, and subcontractor) is not entitled to and shall not claim any of the rights, privileges or benefits of an employee of Lighthouse Life. Furthermore, nothing in this Agreement is intended or shall be deemed to create any employment relationship, partnership, agency or joint venture relationship between or among the Master Advisor or Affiliate Advisor on the one hand and Lighthouse Life on the other. The Master Advisor and Affiliate Advisor understands that neither the Master Advisor nor any Affiliate Advisor, employee, agent or subcontractor, if any, will receive or be eligible for any of the rights, privileges or benefits that Lighthouse Life may extend to its respective employees, including, but not limited to, as applicable pension, welfare benefits, vacation, termination or severance pay or other benefits or perquisites, by virtue of this Agreement or by virtue of the Advisors provision of the Referral Services. The Master Advisor, on behalf of the Master Advisor, Affiliate Advisors and all of the Master Advisor's employees, agents, and subcontractors, hereby forever releases any and all rights, claims, or interests in any such privileges or benefits, including eligibility for and rights in respect of any pension, welfare benefits, vacation, termination or severance pay or other benefits or perquisites. The Master Advisor further agrees that the Master Advisor will be solely responsible for complying with the Fair Labor Standards Act and all other federal, state, and local wage and hour, overtime, labor, and employment laws with respect to all Affiliate Advisors, employees, agents, and subcontractors, if any.

**6. Limits of Authority.** The Advisor hereby acknowledges and agrees that the Advisor does not have authority to act on behalf of, or otherwise bind, Lighthouse Life. Accordingly, the Advisor may not enter into any agreements on behalf of or purport to bind Lighthouse Life, or represent to any Person that the Advisor has the power to create any obligation, express or implied, on behalf of Lighthouse Life, without Lighthouse Life's express prior written consent.

## MASTER ADVISOR AGREEMENT

### 7. Confidential Information.

- (a) Each Party agrees it will: (1) not disclose to any third party or use the Confidential Information (hereinafter defined) disclosed to it by the other Party except as expressly permitted in this Agreement or as otherwise necessary to perform its obligations or exercise its rights under the Agreement; and (2) take all reasonable measures to maintain the confidentiality of all Confidential Information of the other Party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own Confidential Information. “**Confidential Information**” of a Party shall mean all information of, or concerning, such Party, its affiliates, or its and their respective directors, partners, officers, employees, managers and members, which is confidential, proprietary and/or competitively sensitive and is disclosed to or obtained by the other Party, including without limitation, software, technical processes and formulas, source codes, product designs, sales, cost and other unpublished financial information, product and business plans, advertising revenues, usage rates, advertising relationships, projections, and marketing and customer data. Except for nonpublic personal information which is required to be protected by applicable Laws, Confidential Information does not include information that: (1) is in or enters the public domain without breach of this Agreement; (2) the receiving Party lawfully receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation; (3) the receiving Party lawfully knew prior to receiving such information from the disclosing Party; or (4) the receiving Party develops independently without use of the disclosing Party’s Confidential Information. In addition, each Party may disclose Confidential Information of the other Party as necessary to comply with the requirements of legal or administrative process, provided that such Party provides the other Party with reasonable advance notice of any such intended disclosure and cooperates reasonably with its efforts to obtain a protective order.
- (b) All Confidential Information shall be the work product of Lighthouse Life. Advisors shall not convey or disclose, in any format, Confidential Information to third parties, without prior written consent from Lighthouse Life. Advisors shall not have any work product claim to the business plans and ideas developed by Lighthouse Life related to the Program.

- 8. Compliance with Laws.** The Parties shall perform their respective covenants, duties, obligations and services under this Agreement in accordance with all applicable federal, state and local laws, statutes, ordinances, decisions, rules, regulations and orders. The Parties will comply with all applicable federal, self-regulatory organization, state and local laws, statutes, ordinances, decisions, rules, regulations and orders governing licensing and life settlement transactions and all applicable privacy laws and regulations. The Parties shall, at their own respective expense, obtain and maintain in good standing all licenses, permits, or other governmental or self-regulatory organization approvals required to perform their respective covenants, duties, obligations and services under this Agreement. Each Party shall provide reasonable documentary evidence, upon request by the other Party, that such Party is in compliance with all of the applicable laws, statutes, ordinances, decisions, rules, regulations and orders. Advisors shall promptly deliver written notice to Lighthouse Life of the revocation, suspension, nonrenewal or other termination, or the commencement of any action or proceeding therefore, of any license or authorization issued to such Party and required for such Party to conduct business under this Agreement.

### 9. Indemnification.

- (a) Lighthouse Life agrees to provide professional liability insurance to Advisors and will defend, indemnify and hold harmless the Advisor from and against any and all claims, costs, losses, damages, judgments and expenses (including reasonable attorneys’ fees) suffered, sustained or incurred by the Advisor in connection with any third-party claim or demand that arises out of the Advisor’s Referral Services performed in accordance with this Agreement.
- (b) The Advisor agrees to defend, indemnify and hold harmless Lighthouse Life from and against any and all claims, costs, losses, damages, judgments and expenses (including reasonable attorneys’ fees) suffered, sustained or incurred by the Advisor in connection with any third-party claim or demand that arises out of or relates to (a) any actual or alleged breach of Advisor’s express representations or warranties in this Agreement; or (b) a violation of applicable Laws by the Advisor or its personnel.

## MASTER ADVISOR AGREEMENT

**10. Notices.** Any notice provided for in this Agreement must be in writing and must be either (a) personally delivered, (b) sent by reputable overnight courier service (charges prepaid), or (c) sent via facsimile or email, to the recipient at the address below indicated:

To the Company:

Lighthouse Life Solutions, LLC  
1100 East Hector Street  
Suite 415  
Conshohocken, Pennsylvania 19428

Attention: Michael L. Coben, Chief Distribution and Business Development Officer

To the Master Advisor:

[ \_\_\_\_\_ ]

or such other address or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when personally delivered, one business day after sent by reputable overnight courier service or at such time as it is transmitted via facsimile or email, with receipt confirmed.

- 11. Severability.** Except as otherwise provided herein, whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
- 12. Complete Agreement.** This Agreement and those documents expressly referred to herein, embody the complete agreement and understanding among the Parties and supersede and preempt any prior understandings, agreements or representations by or among the Parties, written or oral, which may have been related to the subject matter hereof in any way (other than any restrictive covenants included in any other agreement or arrangement to which the Advisor is a party, which covenants shall apply in addition to and not in lieu of any covenants obligating the Advisor hereunder to the maximum extent permitted by law).
- 13. Counterparts; Electronic Transmission.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. Delivery of executed signature pages hereof by electronic transmission (including a facsimile or .pdf file) shall constitute effective and binding execution and delivery of this Agreement.
- 14. Amendment and Waiver.** Except as expressly provided above, the provisions of this Agreement may be amended and waived only with the written consent of the Parties.
- 15. Business Days.** If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or legal holiday in the state in which Lighthouse Life's chief executive office is located, the time period shall be automatically extended to the business day immediately following such Saturday, Sunday or holiday.

## MASTER ADVISOR AGREEMENT

- 16. No Strict Construction; Headings; Interpretation.** The language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. The headings of sections of this Agreement are for convenience of reference only and shall not affect its meaning or construction. Whenever any word is used herein in one gender, it shall be construed to include the other gender. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement includes all subsections thereof. Definitions are equally applicable to both nouns and verbs and the singular and plural forms of the terms defined. The word “including” or any variation thereof means (unless the context of its usage otherwise requires) “including, without limitation” and may not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.
- 17. Governing Law.** This Agreement shall be construed in accordance with the internal laws, but not the law of conflicts, of the Commonwealth of Pennsylvania.
- 18. Jurisdiction of Courts.** For the purposes of any suit, action, or other proceeding arising out of this Agreement that is not otherwise subject to arbitration, the Parties: (i) agree to submit to the exclusive jurisdiction of the federal or state courts or agencies located in the Commonwealth of Pennsylvania and the County of Montgomery; and (ii) waive any objection to personal jurisdiction or venue in such jurisdiction, and agree not to plead or claim forum non conveniens.
- 19. WAIVER OF JURY TRIAL.** EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS OR EVENTS CONTEMPLATED HEREBY OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THE PARTIES HERETO EACH AGREE THAT ANY AND ALL SUCH CLAIMS AND CAUSES OF ACTION SHALL BE TRIED BY THE COURT WITHOUT A JURY. EACH OF THE PARTIES HERETO FURTHER WAIVES ANY RIGHT TO SEEK TO CONSOLIDATE ANY SUCH LEGAL PROCEEDING IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER LEGAL PROCEEDING IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.
- 20. Survival.** The provisions of this Agreement shall survive termination of the Term for so long as necessary to give effect thereto.

[SIGNATURE PAGE FOLLOWS]

## MASTER ADVISOR AGREEMENT

**IN WITNESS WHEREOF, the Company and the Consultant here to acknowledge the acceptance of the terms of this Agreement as of the Commencement Date.**

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LIGHTHOUSE LIFE SOLUTIONS, LLC

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MASTER ADVISOR

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TITLE

[Signature page to Master Advisor Agreement]

## EXHIBIT A—COMPENSATION SCHEDULE

A Referral Fee (as such term is defined in the Master Advisor Agreement entered into between the Parties) shall be paid by Lighthouse Life to either one or both of the Master Advisor and Affiliate Advisor, which Referral Fee shall be calculated as a percentage of the total death benefit of a Policy referred to Lighthouse Life by an Advisor that is purchased by Lighthouse Life, and as further set forth herein as follows:

Recipient	% of Policy Death Benefit
Master Advisor	
Affiliate Advisor	
<b>TOTAL</b>	2.00

Master Advisor elects that Referral Fee paid to an Affiliate Advisor for a Policy purchased by Lighthouse Life shall be disbursed directly to (choose one):

\_\_\_\_ Master Advisor, who will pay the Affiliate Advisor

or

\_\_\_\_ Affiliate Advisor

### Payment Information:

Payments to the **Master Advisor** shall be made by (choose one):

\_\_\_\_ Direct Deposit (ACH)

or

\_\_\_\_ Check

Name on Account: \_\_\_\_\_

Tax ID Number: \_\_\_\_\_

Depository Institution Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Routing Number: \_\_\_\_\_

This Compensation Schedule is effective as of \_\_\_\_\_, 20\_\_\_\_.

### MASTER ADVISOR

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

### LIGHTHOUSE LIFE

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

## LIGHTHOUSE LIFE SETTLEMENT ADVISOR PROGRAM — AFFILIATE ADVISOR AGREEMENT

THIS Lighthouse Life Settlement Advisor Program Affiliate Advisor Agreement (the “**Affiliate Advisor Agreement**” or “**Agreement**”) is made and entered into as of \_\_\_\_\_, 20 \_\_\_\_ (the “**Effective Date**”) by and between Lighthouse Life Solutions, LLC, a Delaware limited liability corporation with its principal office at 1100 East Hector Street, Suite 415, Conshohocken, PA 19428 (“**Lighthouse Life**”) and \_\_\_\_\_, an [individual/corporation/company], with [his/her/its] principal office at \_\_\_\_\_ (the “**Affiliate Advisor**”), which Affiliate Advisor is a duly authorized [insurance producer/financial advisor/other] and an authorized representative of \_\_\_\_\_ a(n) \_\_\_\_\_ company with its principal office located at \_\_\_\_\_ (the “**Master Advisor**”) and which Master Advisor has entered into a Lighthouse Life Settlement Advisor Program Master Advisor Agreement with Lighthouse Life (the “**Master Advisor Agreement**”) (each the Affiliate Advisor and Lighthouse Life shall be referred to herein as a “**Party**” and collectively as the “**Parties**”).

### RECITALS

**WHEREAS**, Lighthouse Life is duly authorized to operate as a life settlement provider in states throughout the United States and seeks to purchase qualified life insurance policies (“**Policy**” or “**Policies**”) from qualified owners of Policies (“**Policyowner(s)**”);

**WHEREAS**, The Affiliate Advisor desires to participate in the Lighthouse Life Settlement Advisor Program, whereby the Affiliate Advisor will provide Referral Services (as hereinafter defined) under the authority of the Master Advisor (the “**Lighthouse Life Settlement Advisor Program**” or “**Program**”) (the Affiliate Advisor and the Master Advisor are hereinafter collectively referred to as “**Advisor(s)**”; and

**WHEREAS**, Lighthouse Life desires to pay compensation to Advisors upon the successful purchase of a Policy from a Policyowner referred by Advisors.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties agree as follows:

#### 1. Duties and Obligations of Advisors.

- (a) Advisors agree to provide services to Lighthouse Life including, but not limited to, referring qualified Policyowners to Lighthouse Life, assisting Lighthouse Life with the collection of necessary information regarding the Policyowner and the Policy and representing Lighthouse Life in the purchase of the Policy. Advisors shall provide Lighthouse Life with all pertinent facts regarding the Policyowner, the insured under the policy (the “**Insured**”), the Policy and the transaction (“**Referral Services**”).
- (b) Affiliate Advisors shall adhere to, follow and be responsible to Master Advisors regarding the Referral Services provided pursuant to this Agreement, including, but not limited to, compliance with all state and federal laws, orders, rules and regulations, and all such other actions necessary to maintain a positive business reputation.

## AFFILIATE ADVISOR AGREEMENT

- (c) Advisors acknowledge that they represent Lighthouse Life and shall not act as the Policyowner's agent, broker or fiduciary with respect to the Referral Services rendered herein. Advisors shall not negotiate the sale of a Policy between Lighthouse Life and a Policyowner. Advisors further acknowledge that all offers, rejections, counteroffers and acceptances to a Policyowner to purchase a Policy by Lighthouse Life will be done directly between Lighthouse Life and the Policyowner. Advisors acknowledge that any and all information submitted to Lighthouse Life by the Advisor shall be true and accurate.
- (d) Advisors acknowledge that they will not engage in any form of Advertising of life settlements; whether on behalf of Lighthouse Life or on the Advisors' own behalf, unless the Advertising has been approved by Lighthouse Life. **"Advertising"** means any form of communication, circulated or placed, directly or indirectly, before the public with the purpose of creating an interest or inducing someone to sell their life insurance policy.
- (e) Advisors shall maintain all information regarding potential and actual Policyowners, Insureds, Policies and transactions related to the purchase of a Policy as Confidential Information (as hereinafter defined). Advisors shall obtain and maintain all necessary legal consents from policyowners prior to any use or disclosures of personal information and data necessary for Lighthouse Life to perform its covenants, duties, obligations and services under this Agreement.
- (f) Advisors shall provide Policyowners who the Advisor intends to refer to Lighthouse Life with certain written disclosures, on forms provided by Lighthouse Life, including a disclosure that the Advisor may receive compensation from Lighthouse Life for Policies that are purchased by Lighthouse Life on a disclosure form provided by Lighthouse Life.
- (g) Advisors registered as a representative of an SEC-registered broker-dealer represents that the Advisor:
  - 1. has received approval, in writing, from that broker-dealer of their authority to act as an Advisor, has fully complied with FINRA Rule 3270 (Outside Business Activities of Registered Persons), if applicable, and has complied with all applicable policies and procedures of the broker-dealer;
  - 2. is not disqualified for any reason from acting as an Advisor;
  - 3. is not the subject of any SEC, FINRA or any other federal or state regulatory or law enforcement investigation, action, supervision or sanction, or has been charged with, indicted for, convicted of, any criminal act or offense and, further, agrees to notify Lighthouse Life if the Advisor becomes subject of any such investigation, action, supervision or sanction or other regulatory or law enforcement action; and
  - 4. agrees to comply with the terms of FINRA Rules 2210 (Communications with the Public) and 2111 (Suitability) for all solicitations made to policyowners on behalf of Lighthouse Life.

### 2. Duties and Obligations of Lighthouse Life.

- (a) Lighthouse Life will provide information, resources and training to Advisors on the Lighthouse Life Settlement Advisor Program including how to identify and refer Policies from Policyowners which may qualify for purchase by Lighthouse Life. Lighthouse Life may, when it deems warranted in its sole discretion, make offers to Policyowners referred by the Settlement Advisor pursuant to the Referral Services provided herein.
- (b) Lighthouse Life shall timely notify Advisor of the status of each Policyowner and/or Policy referred to Lighthouse Life by the Advisor, including whenever any such policy is purchased by Lighthouse Life, pursuant to which Services were provided by the Advisor under this Agreement.
- (c) Lighthouse Life shall provide professional liability insurance coverage to Advisors for Referral Services performed on behalf of and at the direction of Lighthouse Life.



## AFFILIATE ADVISOR AGREEMENT

### 3. Compensation to Advisors.

- (a) Lighthouse Life shall pay to the Advisor a referral fee (“**Referral Fee**”) for any Policy that was referred to Lighthouse Life by an Advisor that is purchased by Lighthouse Life as set forth in the Master Advisor Agreement.
- (b) Notwithstanding any other provision of this Agreement, the Advisor shall forfeit any and all compensation contemplated by this Agreement, and this Agreement shall be immediately terminated if, without the prior written consent of Lighthouse Life, the Advisor receives compensation in any form from another Person for the purchase of a Policy that Lighthouse Life purchases.
- (c) The Advisor shall bear sole responsibility for payment of any federal, state, and local income taxes, social security, taxes, workers’ compensation coverage, unemployment insurance, liability insurance, health and/or disability insurance, retirement benefits or other welfare or pension benefits, and/or other payments and expenses. The Advisor agrees to indemnify, defend and hold harmless the Lighthouse Life from any demands, losses, expenses, liabilities or other costs (including court costs and reasonable attorneys’ fees) in respect of any such taxes or benefits.

### 4. Term and Termination.

- (a) Subject to the provisions contained of Section 5(b), the term of this Agreement shall be one year and shall automatically renew for another Term on the anniversary of the Effective Date. The Term and any renewal, as applicable, shall be referred to herein as the “**Term**.”
- (b) Either Party may terminate this Agreement upon delivery of written notice to the other Party. This Agreement shall terminate immediately upon any breach hereof by any Party of the terms of this Agreement. Upon termination, the Affiliate Advisor shall no longer act on behalf of Lighthouse Life. Termination shall not release either Party from liability to the other for prior acts or omissions, which shall survive this Agreement for a period of five years.

- 5. Independent Contractor.** Affiliate Advisor agrees that the Affiliate Advisor, (along with employees, agents, and subcontractors, if any) is an independent contractor and that the Affiliate Advisor (and any employee, agent, and subcontractor) is not entitled to and shall not claim any of the rights, privileges or benefits of an employee of Lighthouse Life. Furthermore, nothing in this Agreement is intended or shall be deemed to create any employment relationship, partnership, agency or joint venture relationship between or among the Affiliate Advisor on the one hand and Lighthouse Life on the other. The Affiliate Advisor understands that neither the Affiliate Advisor nor any employee, agent or subcontractor, if any, will receive or be eligible for any of the rights, privileges or benefits that Lighthouse Life may extend to its respective employees, including, but not limited to, as applicable pension, welfare benefits, vacation, termination or severance pay or other benefits or perquisites, by virtue of this Agreement or by virtue of the Advisors provision of the Referral Services. The Affiliate Advisor, on behalf of the Affiliate Advisor, and all of the Affiliate Advisor’s employees, agents, and subcontractors, hereby forever releases any and all rights, claims, or interests in any such privileges or benefits, including eligibility for and rights in respect of any pension, welfare benefits, vacation, termination or severance pay or other benefits or perquisites. The Affiliate Advisor further agrees that the Affiliate Advisor will be solely responsible for complying with the Fair Labor Standards Act and all other federal, state, and local wage and hour, overtime, labor, and employment laws with respect to all Affiliate Advisors, employees, agents, and subcontractors, if any.

- 6. Limits of Authority.** The Advisor hereby acknowledges and agrees that the Advisor does not have authority to act on behalf of, or otherwise bind, Lighthouse Life. Accordingly, the Advisor may not enter into any agreements on behalf of or purport to bind Lighthouse Life, or represent to any Person that the Advisor has the power to create any obligation, express or implied, on behalf of Lighthouse Life, without Lighthouse Life’s express prior written consent.

## AFFILIATE ADVISOR AGREEMENT

### 7. Confidential Information.

- (a) Each Party agrees it will: (1) not disclose to any third party or use the Confidential Information (hereinafter defined) disclosed to it by the other Party except as expressly permitted in this Agreement or as otherwise necessary to perform its obligations or exercise its rights under the Agreement; and (2) take all reasonable measures to maintain the confidentiality of all Confidential Information of the other Party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own Confidential Information. “**Confidential Information**” of a Party shall mean all information of, or concerning, such Party, its affiliates, or its and their respective directors, partners, officers, employees, managers and members, which is confidential, proprietary and/or competitively sensitive and is disclosed to or obtained by the other Party, including without limitation, software, technical processes and formulas, source codes, product designs, sales, cost and other unpublished financial information, product and business plans, advertising revenues, usage rates, advertising relationships, projections, and marketing and customer data. Except for nonpublic personal information which is required to be protected by applicable Laws, Confidential Information does not include information that: (1) is in or enters the public domain without breach of this Agreement; (2) the receiving Party lawfully receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation; (3) the receiving Party lawfully knew prior to receiving such information from the disclosing Party; or (4) the receiving Party develops independently without use of the disclosing Party’s Confidential Information. In addition, each Party may disclose Confidential Information of the other Party as necessary to comply with the requirements of legal or administrative process, provided that such Party provides the other Party with reasonable advance notice of any such intended disclosure and cooperates reasonably with its efforts to obtain a protective order.
- (b) All Confidential Information shall be the work product of Lighthouse Life. Advisors shall not convey or disclose, in any format, Confidential Information to third parties, without prior written consent from Lighthouse Life. Advisors shall not have any work product claim to the business plans and ideas developed by Lighthouse Life related to the Program.

- 8. Compliance with Laws.** The Parties shall perform their respective covenants, duties, obligations and services under this Agreement in accordance with all applicable federal, state and local laws, statutes, ordinances, decisions, rules, regulations and orders. The Parties will comply with all applicable federal, self-regulatory organization, state and local laws, statutes, ordinances, decisions, rules, regulations and orders governing licensing and life settlement transactions and all applicable privacy laws and regulations. The Parties shall, at their own respective expense, obtain and maintain in good standing all licenses, permits, or other governmental or self-regulatory organization approvals required to perform their respective covenants, duties, obligations and services under this Agreement. Each Party shall provide reasonable documentary evidence, upon request by the other Party, that such Party is in compliance with all of the applicable laws, statutes, ordinances, decisions, rules, regulations and orders. Advisors shall promptly deliver written notice to Lighthouse Life of the revocation, suspension, nonrenewal or other termination, or the commencement of any action or proceeding therefore, of any license or authorization issued to such Party and required for such Party to conduct business under this Agreement.

### 9. Indemnification.

- (a) Lighthouse Life agrees to provide professional liability insurance to Advisors and will defend, indemnify and hold harmless the Advisor from and against any and all claims, costs, losses, damages, judgments and expenses (including reasonable attorneys’ fees) suffered, sustained or incurred by the Advisor in connection with any third-party claim or demand that arises out of the Advisor’s Referral Services performed in accordance with this Agreement.
- (b) The Advisor agrees to defend, indemnify and hold harmless Lighthouse Life from and against any and all claims, costs, losses, damages, judgments and expenses (including reasonable attorneys’ fees) suffered, sustained or incurred by the Advisor in connection with any third-party claim or demand that arises out of or relates to (a) any actual or alleged breach of Advisor’s express representations or warranties in this Agreement; or (b) a violation of applicable Laws by the Advisor or its personnel.

## AFFILIATE ADVISOR AGREEMENT

**10. Notices.** Any notice provided for in this Agreement must be in writing and must be either (a) personally delivered, (b) sent by reputable overnight courier service (charges prepaid), or (c) sent via facsimile or email, to the recipient at the address below indicated:

To the Company:

Lighthouse Life Solutions, LLC  
1100 East Hector Street  
Suite 415  
Conshohocken, Pennsylvania 19428

Attention: Michael L. Coben, Chief Distribution and Business Development Officer

To the Master Advisor:

[ \_\_\_\_\_ ]

or such other address or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when personally delivered, one business day after sent by reputable overnight courier service or at such time as it is transmitted via facsimile or email, with receipt confirmed.

- 11. Severability.** Except as otherwise provided herein, whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
- 12. Complete Agreement.** This Agreement and those documents expressly referred to herein, embody the complete agreement and understanding among the Parties and supersede and preempt any prior understandings, agreements or representations by or among the Parties, written or oral, which may have been related to the subject matter hereof in any way (other than any restrictive covenants included in any other agreement or arrangement to which the Advisor is a party, which covenants shall apply in addition to and not in lieu of any covenants obligating the Advisor hereunder to the maximum extent permitted by law).
- 13. Counterparts; Electronic Transmission.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. Delivery of executed signature pages hereof by electronic transmission (including a facsimile or .pdf file) shall constitute effective and binding execution and delivery of this Agreement.
- 14. Amendment and Waiver.** Except as expressly provided above, the provisions of this Agreement may be amended and waived only with the written consent of the Parties.
- 15. Business Days.** If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or legal holiday in the state in which Lighthouse Life's chief executive office is located, the time period shall be automatically extended to the business day immediately following such Saturday, Sunday or holiday.

## AFFILIATE ADVISOR AGREEMENT

- 16. No Strict Construction; Headings; Interpretation.** The language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. The headings of sections of this Agreement are for convenience of reference only and shall not affect its meaning or construction. Whenever any word is used herein in one gender, it shall be construed to include the other gender. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement includes all subsections thereof. Definitions are equally applicable to both nouns and verbs and the singular and plural forms of the terms defined. The word “including” or any variation thereof means (unless the context of its usage otherwise requires) “including, without limitation” and may not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.
- 17. Governing Law.** This Agreement shall be construed in accordance with the internal laws, but not the law of conflicts, of the Commonwealth of Pennsylvania.
- 18. Jurisdiction of Courts.** For the purposes of any suit, action, or other proceeding arising out of this Agreement that is not otherwise subject to arbitration, the Parties: (i) agree to submit to the exclusive jurisdiction of the federal or state courts or agencies located in the Commonwealth of Pennsylvania and the County of Montgomery; and (ii) waive any objection to personal jurisdiction or venue in such jurisdiction, and agree not to plead or claim forum non conveniens.
- 19. WAIVER OF JURY TRIAL.** EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS OR EVENTS CONTEMPLATED HEREBY OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THE PARTIES HERETO EACH AGREE THAT ANY AND ALL SUCH CLAIMS AND CAUSES OF ACTION SHALL BE TRIED BY THE COURT WITHOUT A JURY. EACH OF THE PARTIES HERETO FURTHER WAIVES ANY RIGHT TO SEEK TO CONSOLIDATE ANY SUCH LEGAL PROCEEDING IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER LEGAL PROCEEDING IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.
- 20. Survival.** The provisions of this Agreement shall survive termination of the Term for so long as necessary to give effect thereto.

[SIGNATURE PAGE FOLLOWS]

## AFFILIATE ADVISOR AGREEMENT

**IN WITNESS WHEREOF, the Company and the Consultant here to acknowledge the acceptance of the terms of this Agreement as of the Commencement Date.**

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LIGHTHOUSE LIFE SOLUTIONS, LLC

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AFFILIATE ADVISOR

[Signature page to Affiliate Advisor Agreement]



LHLST-1

OP ID: HG

## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

09/11/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Todd Associates, Inc. 23825 Commerce Park, Suite A Beachwood, OH 44122 Dave Souders		440-461-1101		<b>CONTACT NAME:</b> Dave Souders <b>PHONE (A/C, No, Ext):</b> 440-461-1101 <b>FAX (A/C, No):</b> 440-446-0192 <b>E-MAIL ADDRESS:</b> dsouders@toddassociates.com	
<b>INSURED</b> LHL Strategies, Inc. Andrew Brecher 1100 E. Hector Street, Ste 415 Conshohocken, PA 19428		<b>INSURER(S) AFFORDING COVERAGE</b>			<b>NAIC #</b>
		<b>INSURER A:</b> Great American Fidelity Ins.Co			<b>41858</b>
		<b>INSURER B:</b> Lloyd's Underwriters			
		<b>INSURER C:</b>			
		<b>INSURER D:</b>			
		<b>INSURER E:</b>			
		<b>INSURER F:</b>			

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE	\$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
							MED EXP (Any one person)	\$
							PERSONAL & ADV INJURY	\$
							GENERAL AGGREGATE	\$
							PRODUCTS - COMP/OP AGG	\$
								\$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	\$
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE	\$
							AGGREGATE	\$
								\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y / N If yes, describe under DESCRIPTION OF OPERATIONS below		N / A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/>	
							E.L. EACH ACCIDENT	\$
							E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
<b>A</b>	<b>Professional Liab</b>			<b>MPLE248799</b>	<b>09/01/2019</b>	<b>09/01/2020</b>	<b>Per Claim</b>	<b>2,500,000</b>
							<b>Aggregate</b>	<b>5,000,000</b>

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Definition of Professional Services: In the performance of providing Life and Viatical Settlement Services

## CERTIFICATE HOLDER

## CANCELLATION

<b>For Information Purposes</b>	<b>FORINF1</b>	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
		AUTHORIZED REPRESENTATIVE 

## Excess Liability Policy

Carrier: Underwriters at Lloyd's

Policy Period: 9/01/2019 - 9/01/2020

Policy No.: HMPL19-0056

Policy Limits: \$2,500,000 Each Claim/\$5,000,000 Aggregate in excess of  
\$2,500,000 Each Claim/\$5,000,000 Aggregate Primary Limit provided by  
Policy No. MPLE248799

## Definition of Insured:

J. "Insured means the Named Insured and any of the persons or entities listed below, but only while in the performance of Professional Services on behalf of the Named Insured for clients of the Named Insured:

(1) Any Subsidiary or Newly Acquired Subsidiary;

(2) Any present or former partner, principal, shareholder, member, officer, director, or employee of the Named Insured, a Subsidiary or a Newly Acquired Subsidiary;

(3) Independent contractors, but only for Professional Services performed on behalf and at the direction of the Named Insured, and only if the Named Insured has agreed to provide insurance for the independent contractor's Professional Services;

(4) Any leased employee, but only while acting under the direct supervision and exclusively on behalf of the Named Insured.

(5) The estate, heirs, executors, administrators, assigns and legal representatives of any person identified in (2), (3) or (4) above in the event of such Insured's death, incapacity, insolvency, or bankruptcy, but only to the extent that such Insured would have been provided coverage under this Policy.

(6) The lawful spouse of any person identified in (2), (3) or (4) above solely by reason of:

(a) such spousal status or domestic partner status; or

(b) such spouse's or domestic partner's ownership interest in property or assets that are sought as recovery for a Claim. Any sums for which such spouse or domestic partner becomes legally obligated to pay on account of such Claim shall be deemed Damages.

## CASE PROCESS: FROM REFERRAL TO FUNDING

### Pre-Qualify

The Lighthouse Life Settlement Advisor (“Advisor”) collects and submits basic information about the policyowner(s), the insured(s) and the policy to immediately pre-qualify the case.

### Medical Underwriting and Policy Review

For cases that pre-qualify, Lighthouse Life will interview the insured(s) and/or policyowner(s) to complete a brief questionnaire that covers both medical and policy information. Policyowner(s) and insured(s) must provide authorizations for release of medical and policy information from physicians and insurance companies.

### Life Settlement Suitability Questionnaire & Disclosures for Policyowners

The Suitability Questionnaire & Disclosure for Policyowners is required to be reviewed and signed by policyowners and Advisors at the time of case submission.

### Life Insurance Illustration

Lighthouse Life will work with the policyowner to obtain the life insurance policy illustration from the insurance carrier, most often through a three-way call with the carrier. The illustration, combined with information from the medical questionnaire, will be used in the underwriting and pricing process.

### Pricing

Lighthouse Life will determine if an offer will be extended after the illustration is received and the medical underwriting is completed.

### Offer

If the policy has a life settlement value, Lighthouse Life will extend an offer to the policyowner through an offer letter that, if accepted, will initiate the closing process to complete the transaction. Offers are typically made to the policyowner within three to five business days after the questionnaire is completed and the policy illustration is received.

### Closing Process

Upon receipt of a signed offer letter, Lighthouse Life will send a closing package to the policyowner. Lighthouse Life will guide them through the closing, including answering questions about the forms and helping the policyowner complete the closing package.

Upon receipt and review of completed closing packages, the life settlement proceeds are placed into escrow and change of ownership and beneficiary forms are sent to the insurance carrier.

### Funding

Funds are released from escrow with 48 hours of receipt of the insurance company’s confirmation of the change of ownership and beneficiaries.

### Recission

The policyowner has the right to rescind the transaction based on the regulations of the governing state.



## LIFE SETTLEMENT PRE-QUALIFICATION DATA COLLECTION FORM

### POLICY INFORMATION

- Insurance Company \_\_\_\_\_ Policy Number \_\_\_\_\_
- Policy Size (Face Amount) \_\_\_\_\_ Issue Date \_\_\_\_\_
- Type of Policy ☐ Term ☐ Universal Life ☐ Whole Life ☐ Survivorship Life ☐ Group Life ☐ Other \_\_\_\_\_
- Current Cash Surrender Value \_\_\_\_\_ Current Account Value \_\_\_\_\_
- Current Premium \_\_\_\_\_ ☐ Annual ☐ Quarterly ☐ Monthly  
Date of Last Payment \_\_\_\_\_ Amount of Last Payment \_\_\_\_\_
- Are there any policy loans? ☐ Yes ☐ No If yes, outstanding loan balance? \_\_\_\_\_
- Reason for considering the sale: ☐ Planning to lapse or surrender ☐ Premiums are unaffordable ☐ No longer a need for the policy  
☐ Need money for retirement, health care, or long-term care expenses ☐ Policy valuation ☐ Other \_\_\_\_\_  
(Please include a copy of most recent policy illustration and annual statement if available)

### POLICYOWNER INFORMATION

- Name of Policyowner(s) \_\_\_\_\_ Relationship to Insured \_\_\_\_\_
- Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_
- Does the insured(s) have any other in-force life insurance policies? ☐ Yes ☐ No If so, please list \_\_\_\_\_

### INSURED DETAILS

- Insured Name \_\_\_\_\_ Date of Birth \_\_\_\_\_ ☐ Male ☐ Female
- Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_
- Phone Number \_\_\_\_\_ Best Time of Day to Call \_\_\_\_\_ ☐ AM ☐ PM
- Does the insured require assistance with any of the following activities:  
☐ Dressing ☐ Bathing ☐ Eating ☐ Toileting ☐ Walking ☐ Managing Finances
- Please check any boxes that accurately describe the insured's health, treatments, or diagnoses over the previous 5 years
 

<input type="checkbox"/> Abnormal BP	<input type="checkbox"/> Diabetes - Type _____	<input type="checkbox"/> Cancer - Type/Stage _____
<input type="checkbox"/> Frequent Falls	<input type="checkbox"/> Broken Bones	<input type="checkbox"/> Memory Loss
<input type="checkbox"/> Depression	<input type="checkbox"/> Dementia	<input type="checkbox"/> Alzheimer's
<input type="checkbox"/> Heart Attack	<input type="checkbox"/> Stroke/TIA	<input type="checkbox"/> Dizziness/Vertigo
<input type="checkbox"/> Heart Disease	<input type="checkbox"/> Kidney Disease	<input type="checkbox"/> Liver Disease
<input type="checkbox"/> Breathing Problems	<input type="checkbox"/> Immune System Disorders	<input type="checkbox"/> TB/Lung Disorder
<input type="checkbox"/> Sleep Apnea	<input type="checkbox"/> Osteoporosis	<input type="checkbox"/> Other _____

## LIFE SETTLEMENT PRE-QUALIFICATION DATA COLLECTION FORM

### INSURED DETAILS, CONTINUED

6. Has the insured been diagnosed with a terminal illness? ☐ Yes ☐ No

7. Does the insured currently take any medications? ☐ Yes ☐ No

If yes, please list name, dosage, and frequency: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*(Please attach complete list if necessary)*

8. Does the insured currently smoke cigarettes? ☐ Yes ☐ No

9. Is the insured currently employed? ☐ Yes ☐ No

10. Are you aware of any additional medical conditions related to the insured not covered above?

If so, please list: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*(Please attach complete list if necessary)*

## HIPAA AUTHORIZATION FOR USE AND/OR DISCLOSURE OF PATIENT HEALTH INFORMATION

---

NAME OF INSURED (PLEASE PRINT OR TYPE)

DATE OF BIRTH

I authorize any health plan, physician, healthcare professional, hospital, clinic, laboratory, medical facility, pharmacy benefit manager or other healthcare provider that has provided payment, treatment or services to me or on my behalf within the past 10 years ("My Providers") to disclose my entire medical record, medications prescribed and any other protected health information concerning me (the "Medical information") to Lighthouse Life Solutions, LLC and any of its successors, assigns or authorized representatives ("Lighthouse Life").

This includes information on the diagnosis or treatment of Human Immunodeficiency Virus (HIV) infection and sexually transmitted diseases. This also includes information on the diagnosis and treatment of mental illness and the use of alcohol, drugs, and tobacco, but excludes psychotherapy notes.

By my signature below, I acknowledge that any agreements I have made to restrict my protected health information do not apply to this authorization and I instruct any physician, healthcare professional, hospital, clinic, medical facility, pharmacy benefit manager or other healthcare provider to release and disclose my entire medical records without restriction.

This protected health information is to be disclosed under this Authorization so that Lighthouse Life may: 1) underwrite my application for life settlement eligibility, risk rating, policy and or/annuity issuance and enrollment determinations; 2) obtain reinsurance; and 3) conduct other legally permissible activities that relate to any product I have or have applied for with Lighthouse Life. I further consent that the Medical Information may be disclosed to a licensed life settlement provider, licensed life settlement broker, and any life insurance company issuing a life insurance policy covering my life.

This release is valid for the lesser of 24 months or the closing of the request following the date of my signature below, and a copy of this authorization is as valid as the original.

I understand that I have the right to revoke this authorization in writing, at any time, by providing written notification to Lighthouse Life at the following address: 1100 East Hector Street, Suite 415, Conshohocken, Pennsylvania 19428.

I understand that a revocation is not effective to the extent that any of My Providers has already relied on this Authorization to disclose information about me.

I understand that any information that is disclosed pursuant to this authorization is no longer covered by federal rules governing privacy and confidentiality of health information, but it will not be re-disclosed by Lighthouse Life except as authorized by me or as permitted by law.

I understand that My Providers may not refuse to provide treatment or payment for healthcare services if I refuse to sign this authorization. I further understand that if I refuse to sign this authorization to release my complete medical records, Lighthouse Life may not be able to process my application.

I understand that any authorized representative or I will receive a copy of this authorization upon request.

This authorization complies with the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule.

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SIGNATURE OF PROPOSED INSURED OR PERSONAL REPRESENTATIVE

DATE

---

DESCRIPTION OF PERSONAL REPRESENTATIVE'S AUTHORITY  
OR RELATIONSHIP TO PATIENT

**LIFE INSURANCE POLICY INFORMATION RELEASE FORM**

POLICYOWNER: \_\_\_\_\_

INSURED: \_\_\_\_\_

POLICY NUMBER: \_\_\_\_\_

INSURANCE CARRIER: \_\_\_\_\_

I hereby authorize my insurance company to furnish Lighthouse Life Solutions, LLC and/or any of its affiliates, directors, officers, employees, agents, independent contractors, service providers or other authorized representatives ("Lighthouse Life"), with any information, forms, riders or amendments in connection with any life insurance policy under which my life is insured (including any conversions or replacements).

I authorize Lighthouse Life to share this information with licensed life settlement providers, licensed life settlement brokers, the insurance company issuing a life insurance policy covering my life, and other parties, as required. The purpose of this sharing of information is to obtain quotes for life settlements, and/or life and health insurance policies.

I specifically authorize and request my insurance company and each authorized discloser, licensed life settlement broker, and licensed life settlement provider to rely upon a photo static or facsimile copy or other reproduction of this authorization as valid as the original.

**LIFE INSURANCE POLICYOWNER****LIFE INSURANCE POLICY INSURED**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Tax ID/SSN: \_\_\_\_\_

Tax ID/SSN: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## LIFE SETTLEMENT OFFER TO POLICYOWNER

INSURED NAME	
INSURANCE CARRIER	
POLICY NUMBER(S)	
TOTAL NET DEATH BENEFIT	
OFFER EXPIRATION	
OFFER TO POLICYOWNER	

**This offer is contingent upon meeting the following terms in a manner satisfactory to Lighthouse Life:**

- Completion and execution of a Lighthouse Life settlement application
- Full and accurate execution of the closing documents
- Each policy is past the contestability period at the time of purchase
- Verification that each policy is paid to date
- Verification that each policy is denominated in US dollars
- Review of most recent annual statement, verification of coverage, and initial insurance application and any subsequent amendments
- Owners state of residence
- If a policy is a conversion, a signed copy of the issue illustration
- If trust owned, a copy of the trust
- If entity owned (other than a trust), a copy of any documents requested i.e., articles of incorporation
- Final underwriting approval
- If policy was financed, review of financing documents

Lighthouse Life may pay fees to an individual and/or organization who referred you to Lighthouse Life and assisted Lighthouse Life in the purchase of your policy. If Lighthouse Life purchases your policy, you will receive disclosure of the fees paid by Lighthouse Life to each such individual and organization.

*The undersigned acknowledges receipt of this offer and requests closing documents be sent per the instructions herein.*

---

POLICYOWNER NAME

---

POLICYOWNER SIGNATURE

---

DATE

## COMPENSATION DISCLOSURE FORM

Lighthouse Life Solutions, LLC will be paying compensation to your financial advisor, insurance agent, and/or affiliated firm associated with the purchase of the policy or policies listed below.

---

POLICYOWNER

---

INSURANCE CARRIER

---

POLICY NUMBER(S)

---

AGENT/ADVISOR

---

DATE

### Third-party compensation to be paid:

PARTY	AMOUNT
Agent/Advisor:	\$00.00
Affiliated Firm:	\$00.00
Total Compensation:	\$00.00

The undersigned acknowledges receipt of this compensation disclosure.

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POLICYOWNER NAME

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POLICYOWNER SIGNATURE

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DATE