

Senator Mel Martinez (R-FL)
Aging Committee Opening Statement
Washington, DC
Wednesday, April 29, 2009

Thank you Mr. Chairman for calling today's hearing. In today's turbulent economic environment, we want to preserve and protect seniors' assets and their liquidity options.

We also want to ensure that primary and secondary financial markets are safe, transparent, efficiently regulated and inspire investor confidence.

I would like to thank our panelists for joining us today to discuss issues impacting those contemplating a transaction involving life settlement firms.

I am also looking forward to hearing what states are doing to bolster investor protections in the wake of several life settlement firms being exposed as fraud schemes.

It is my hope that we can bring greater attention to matters regulated by the states to ensure both consumer and investor protection.

We'll also hear today from two firms engaged in the business of life settlement and what they envision for the future of their industry. I'm speaking of what steps Congress, the states, and regulators contemplate to ensure consumers are fully apprised of their rights and obligations under such transactions.

Also important to this committee is the complete discharge of fiduciary duties on the part of brokers and providers.

Seniors should have comfort that they are receiving the best value for their assets in this opaque life settlement market.

They also deserve full accountability and transparency when engaging in these types of transactions and we will be monitoring the practices going forward.

Business practices such as stranger-originated-life-insurance policies, or “STOLIs,” are contrary to the fundamental precepts of the insurance market and we would appreciate hearing more on how to prevent these types of transactions. We also need to learn the real-world tax practices surrounding these life settlement transactions – including the gains on sale, the taxability of the death benefits and the fair and equitable treatment of tax filers.

Mr. Chairman, I want to ensure that those with a tax liability as a result of one of these transactions number one – pay the tax they owe, and number two – that they be treated consistently without regard to who prepared their return.

In other words, I’d like to see a strong guidance from the IRS and appropriate clarification so that there are no ambiguities as to who owes what at what time.

I look forward to learning more from today's witnesses and thank them all for appearing.