

MARKET CONDUCT EXAMINATION REPORT

OF

INVESCOR, LTD.

By

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I. COMPANY PROFILE

INVESCOR, LTD and INVESCOR WHOLESALE BD, INC.

Invescor, Ltd. uses the term “back office and brokerage services” firm to characterize its business. The organization employs approximately 70 licensed insurance producers. The term “back office” refers to the organization’s role in life settlement transactions. This translates to providing brokerage services to insurance companies, financial firms, securities agents or insurance producers, and broker-dealers in the life settlement process.

Invescor, Ltd. began in 1992 when MAL Associates changed its name. MAL Associates began in 1989 as an insurance agency focused on meeting the needs of high-level financial professionals. MAL Associates was founded by Mike Leibowitz, a former General Manager with New York Life. The company is a Michigan domiciled C-corporation wholly owned by President and Chief Executive Officer Michael Leibowitz.

Over the years Invescor shifted its focus from original issue life insurance policies to facilitating life settlement transactions.

Today Invescor focuses solely on providing brokerage services for life settlement transactions. Mr. Leibowitz developed the company’s proprietary software, LifeSettleWare. This program utilizes medical, financial, actuarial and other pertinent data to evaluate life insurance policies and the potential for settlement. All life settlement transactions are processed through this software.

Settlement providers (purchasers) must pass a rigorous financial and suitability test to gain access to the Invescor life settlement software and bid process.

Invescor, Ltd. has participated in over 1,400 life settlement transactions worth over \$2.8 billion in face value.

II. PURPOSE AND SCOPE OF EXAMINATION

The purpose of this examination was to gather information about Invescor, Ltd., the business operations and compliance with the Michigan Insurance Code. While the purpose was to examine overall operations, the actual scope of this exam was limited in its methodology.

The primary purpose was to examine the organization's compliance with applicable Michigan laws. The Michigan Insurance Code, MCL 500.1200, et seq, sets forth the regulatory authority of the Commissioner. The Insurance Code also provides statutory guidelines for insurance companies, producers and related insurance entities and personnel. Other relevant Michigan statutes include the Viatical Settlement Act, MCL 550.521, et seq. and the Uniform Securities Act, MCL 451.2101 et seq. MCL 451.2102c, Section (c) of the Michigan Uniform Securities Act defines a security to include "an investment in a viatical or life settlement agreement . . .". The Invescor day-to-day operations and transaction processes were examined in juxtaposition to these statutes.

The examiner relied on and reviewed materials and other documents maintained and provided by executives of Invescor, Ltd. Random files or transactions were not reviewed, per se, for this examination. As will be explained in detail further in this report, the life settlement transactions and business operations of Invescor, Ltd, do not come within the provisions or regulatory authority of the Michigan Insurance Code or the Viatical Settlement Act. The day to day operations and transactions of Invescor Wholesale BD, Inc. were examined separately. The activities of Invescor Wholesale BD, Inc. do come under the jurisdiction of the Office of Financial and Insurance Regulation through the Michigan Uniform Securities Act (MCL 451.2100, et seq.). However, for this report, only the transactions and business operations of Invescor, Ltd. were examined.

The examination and document review were conducted through a series of meetings with Messrs. Leiberman and Wassman (and additional personnel) over a period of several days. The due diligence and compliance materials were provided at the initial meeting.

The report addresses life insurance settlement practices and procedures as well as other aspects of Invescor, Ltd. The examination report includes analyses of the business and financial data in relation to Michigan law. The report includes a review of the following:

1. Due diligence procedures;
2. Requirements of other companies doing business with Invescor, Ltd.;
3. Regulatory requirements of the organization.

Certain non-complying practices may not have been discovered during the course of this examination. Additional or ancillary findings may not be relevant or material, but are presented for informational purposes only. Any failure to criticize specific practices does not constitute acceptance of such practices by the Commissioner.

III. EXAMINER METHODOLOGY

The examiner reviewed the Company's due diligence materials, training materials, life settlement application and process, compliance reporting and financial statements for the 2008 calendar year.

The relevant Michigan law and activity were examined and compared to Invescor business practices outlined below:

MCL 500.2028 Examination; investigations.

MCL 500.1207 Agent as fiduciary; accounting methods; examination of records; remuneration of person acting as agent; placing refused coverage; use of intimidation, threats, or unlawful inducements; agent as party to contract.

(2) An agent shall use reasonable accounting methods to record funds received in his or her fiduciary capacity including the receipt and distribution of all premiums due each of his or her insurers. An agent shall record return premiums received by or credited to him or her which are due an insured on policies reduced or canceled or which are due a prospective purchaser of insurance as a result of a rejected or declined application. Records required by this section shall be open to examination by the commissioner.

MCL 500.521 Viatical Settlement Contracts (excerpt) Definitions:

Sec. 1(f) "Viatical settlement contract" or "contract" means a written agreement entered into between a provider and a viator in which the provider will pay consideration that is less than the expected death benefit of the viator's policy in return for the viator's assignment, transfer, sale, devise, or bequest of the death benefit or ownership of the policy to the provider.

(g) "Viator" means the ownership or holder of a policy who has a terminal illness or condition and who enters into a viatical settlement contract.

Company Operations/Management

The examiner reviewed the company operations and met with the Owner, Mr. Leibowitz and its Chief General Counsel, Mr. Wassman. Management facilitated a tour of the facility, detailing each area of operation. All requested meetings, materials and follow up information were provided in a timely and cooperative manner throughout the examination.

1. Due Diligence Briefing and Related Materials

Company Management provided a tabbed binder replete with due diligence materials, application forms, medical release forms and training materials. The Company processes each policy through a suitability or due diligence process. This process includes reviewing each aspect of the prospective policy, the needs and expectations of the insured, pertinent medical records and other relevant information.

2. Requirements of Life Settlement Investors

Invescor “selects” life settlement providers after scrutinizing these investors in a “rigorous and thorough” process. Each investor must pass each of the 15 requirements. These include being an institutional investor and agreeing to all confidentiality standards, financial requirements and other provisions of the Invescor process.

3. Regulatory Requirements of Invescor, Ltd.

Invescor, Ltd. provided documents evidencing regulatory compliance in all 50 states. It should be noted life settlement contracts are not governed by Michigan Insurance law. The requirements and “rigorous” life settlement process practiced by Invescor is outside the scope of the Michigan Insurance Code.

Invescor, Ltd. specifically excludes persons diagnosed with terminal illness, or persons with a life expectancy less than 5 years from its life settlement bid process. This exclusion places these contracts outside the scope of the Viatical Settlement Act (MCL 550.221, et seq.).

Invescor does not conduct any business involving original issue life insurance policies. The Company currently has no appointments with life insurance providers. Invescor currently lists over 70 insurance producers licensed in Michigan. All these producers are current with all regulatory compliance. Many of these producers are also licensed in other jurisdictions.

Invescor conducts life settlement contracts in all 50 states, and is fully compliant with any and all regulations, where applicable.

EXAMINATION REPORT SUMMARY

Company Operations and Management

No compliance issues are addressed in this report for the company operations and management.

Life Settlement Contracts in Michigan

No compliance issues were found in the area of Life Settlement contracts in Michigan.

Recommendation

It is recommended that no action be taken by the Commissioner.

State Market Conduct Examiner
Tracy D. Post, J.D.
Conducted and Reported this examination

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