

Frequently Asked Questions:
Premium Billing (last revision July 2005)

These are the Receiver's answers to some of the investors' recently asked questions and to questions he anticipates some investors may have regarding the premium billing process that is being reinstated.

WHY IS THE RECEIVER BILLING THE INVESTORS?

It takes a substantial amount of money to pay the premiums necessary to keep the life insurance policies the Receiver holds in force. At the present time, the potential sources of funds are the investors or third parties in the business of providing financing. As set forth in the Receiver's letter that accompanies the initial investor premium invoice, the Receiver believes that financing all premium payments and administration costs with loans from third parties would be very expensive. Though some third party financing will likely be necessary (e.g. by investors contributing to the payment of premiums), it is expected that financing costs will be reduced so that the eventual, overall return to investors will be greater.

HOW FAR INTO THE FUTURE HAVE THE POLICY PREMIUMS BEEN PAID?

Some policies are paid annually, some semi-annually, some quarterly, and some monthly. Each month a list of the policies for which premiums were previously paid is listed on the Receiver's website.

HOW LONG WILL INVESTORS CONTINUE TO BE BILLED?

At this time, the Receiver expects to bill investors monthly through the end of 2006. The Receiver will continue to monitor financing options and maturities to determine if and when investor billings can be stopped.

WHAT IF AN INVESTOR DOES NOT PAY THE AMOUNT BILLED BY THE RECEIVER? WILL HE/SHE LOSE HIS/HER ENTIRE INVESTMENT?

Those investors who pay their invoices as required will receive a greater return than the investors who do not. Investors who do not pay their invoices will have their distribution percentage reduced and could lose their investment completely depending upon, among other things, how much the Receiver needs to pay back to lenders, the amount of priority payments and whether policies lapse.

WHY IS THE AMOUNT THE RECEIVER BILLED ME DIFFERENT THAN WHAT I WAS BEING BILLED BY LIFETIME?

At the time of the Receiver's appointment, some investors were being billed by LifeTime. The amount those investors were being billed depended upon the amount of the premium for the policy to which they had been "matched." Since the policies and other assets have now been pooled, the amount of investor responsibility for keeping those policies in force has been divided equitably based upon the amount each investor currently has invested.

WHEN CAN WE EXPECT FUNDS TO BE DISTRIBUTED TO THE INVESTORS?

The Receiver and the Court would like nothing better than to make a distribution to the investors immediately. However, there are no funds available to distribute at this time given the lack of maturities and costs of premiums and other expenses associated with the Receivership.

The goal of the Receiver is to return as much money to the investors as he practically can. The Receiver believes that, to reach that goal, at least some of the policies he is administering should be kept in force for a period of time until a point is reached when there are enough life insurance proceeds coming in to sustain remaining policies and commence distributions to investors. On an on-going basis, the Receiver and his staff monitor and assess other options that may have potential to improve the timing and/or amount of distributions to investors.

WHAT IS THE NEXT STEP AFTER INVESTOR CLAIMS ARE CONFIRMED?

The Receiver and his team will continue in their efforts to keep the policies in force and to find other possible sources of recovery for the investors. Completion of the Claims process does not necessarily mean that funds will be distributed. Funds can only be distributed when they become available.

WILL THERE BE ANY INTEREST INCLUDED IN DISTRIBUTIONS?

All funds that become part of the Receivership, less those used to cover expenses, will ultimately be distributed to the investors. At this time, there is no way to determine exactly how much that might be because the timing of policy maturities and costs associated with administering the Receivership are unknown.

DOES THE RECEIVER GET ANY INTEREST ON OUR INVESTMENTS?

The Receiver does hold funds in interest bearing accounts when possible. The earned interest becomes part of the Receivership assets.

WHAT PERCENTAGE OF MY INVESTMENT WILL I GET BACK?

It is not possible to determine at this time; however the Receiver and his team are making every effort to get the investors as much money as possible. Unfortunately, this uncertainty is primarily due to the fact that it is impossible to determine when the policies will mature. The longer it takes for them to mature, the greater the cost of maintaining them.

WHAT IS THE STATUS OF THE INSURANCE POLICIES WITHIN THE PORTFOLIO?

As of July 1, 2005, there were 180 policies remaining in the portfolio, with a total face amount of \$141,060,401. A list of these policies is posted on the website and updated periodically. A list of all the matured policies is as follows:

Matured Policies			
MAY3629-001	Liberty Life of Boston	\$ 50,000.00	Funds used to pay expenses
REA8599-001	Reassure America	\$ 100,000.00	Funds used to pay expenses
MCG5629-001	Northwestern Mutual Life	\$ 98,536.00	Funds used to pay expenses
PIN3553-001	MetLife	\$ 302,000.00	Funds used to pay expenses
MAN0225-001	Monumental Life Ins. Co.	\$ 50,000.00	Funds used to pay expenses
JOR3672-002	Prudential	\$ 3,000,000.00	Pending Court Ruling
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WHY IS THE COST OF THE RECEIVERSHIP SO HIGH?

The primary reason is the cost of premiums paid each month. It is estimated that the premium expense for 2005 will be over \$5,000,000. Additionally, there are legal and administrative costs the Receivership must pay.

WHY DOES IT TAKE SO LONG FOR THIS TO BE RESOLVED?

This Receivership entails many complicated issues that take time to resolve. More fundamental than the resolution of these issues, however, is the time it takes for viators to pass away; something nobody can predict. Until deaths occur, and policies mature as a result, not only do the policies fail to be a source of money to distribute, they continue to require premium payments to remain in force. Though the length of time is unfortunate, the Receiver believes that it is in the investors' best interests to wait until some, if not all, of the policies mature.

WHEN DOES THE RECEIVER EXPECT TO RECEIVE THE MONEY DAVID SVETE WAS ORDERED TO PAY AS PART OF HIS CRIMINAL CONVICTION IN THE FLORIDA FEDERAL COURT? WHEN WILL IT BE DISTRIBUTED TO THE INVESTORS?

With the exception of approximately \$3,000,000 currently being held by Canadian officials, Mr. Svete is claiming to have little money or any other assets. The Receiver is pursuing other possible sources of money or other assets but regardless of how much Mr. Svete may eventually have available to meet his obligations, it will take a considerable amount of time to finalize any transfer given, among other things, Mr. Svete's right to appeal his criminal conviction.

WHAT INCENTIVE DOES THE RECEIVER HAVE TO CONCLUDE THIS BUSINESS IN A TIMELY MANNER?

As discussed previously, timing is not something the Receiver can control. If it is concluded, as the Receiver believes, that it is in the best interest of the investor pool to keep policies in force until they mature, then the timing of distributions and the need for a Receiver will depend mostly on the dates of the deaths of viators. On the issue of whether the Receiver should continue to maintain policies or not, the Receiver will seek the approval of the Court that appointed him and oversees him on an ongoing basis.

WHAT OVERSIGHT OF THE RECEIVERSHIP IS THERE?

The Court, after reviewing the Receiver's experience and background, appointed him and his team at the outset of this matter. Since that time, the Receivership has been closely monitored by the Court and the Court-appointed Examiner, Andrew Storar.