



© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Life Settlement Investments: Yesterday's Distress. Tomorrow's Success.

February 9, 2010

© 2010 Life Solutions International, LLC.
May not be reproduced or distributed without the express written
consent of Life Solutions International, LLC





Disclaimer

This presentation is not intended for consumers or sellers of life settlements or borrowers under premium finance loans and should not be viewed by anyone that is not an “Accredited Investor” as defined under Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended.

Nothing in this presentation is intended as investment advice nor should it be read or construed as providing such advice. Neither Life Solutions International, LLC (“LSI”) nor its officers are licensed to give investment advice. Past performance of life settlements, life settlement funds, and/or other insurance-linked assets is not a reliable indicator of future performance. LSI does not guarantee the performance of any life settlement, life settlement fund and/or other insurance-linked asset nor does LSI guarantee the return of an investor's or purchaser's capital or any specific rate of return. The value of investments and any income derived from them can go down as well as up, and the value of an investor's or purchaser's investment may be extremely volatile and subject to sudden and substantial falls.

This presentation is not and should not be construed as a solicitation to buy or sell any securities, and LSI and its affiliates do not provide legal accounting or tax advice. The information and concepts presented in this webinar are intended to afford general information on the life settlements and insurance-linked asset industries. LSI does not provide advice with respect to the value or suitability of any particular portfolio of life settlements or insurance-linked assets, securities transactions, investment strategies or other matters. Nothing contained herein constitutes a recommendation to buy, sell or hold a life settlement, insurance-linked asset, portfolio of life settlements, insurance-linked assets or any other asset or security.

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Webinar Instructions

- If you haven't already, dial 800-839-9416 and enter the access code 8334152 to join the audio portion. Phones will be muted.
- If you have questions during the presentation, please use the "message" function located at the right of your web classroom screen.
- We recommend that you disable pop-up blockers on your web browser.
- Please close other programs on your computer to enable the Webinar to run efficiently.

Please stand by, the webinar will begin at 10:30 a.m. PST

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Larry Simon

President and CEO
Life Solutions International, LLC

© 2010 Life Solutions International, LLC.
May not be reproduced or distributed without the express written
consent of Life Solutions International, LLC



Overview

- Last 18 Months – Distressed Sellers
 - The perfect storm
 - Lack of capital
 - LE change
- State of the Market – A Buyer’s Market
 - Distressed sellers
 - Lack of premium money
- Opportunities Available in the Market
 - \$40+ billion of portfolios
 - Buyer’s market
 - High yields
- A Look Ahead
 - Capital will come to the market
 - Prices will tighten
 - Securitizations will occur

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Last 18 Months

- Financial crisis – perfect storm
- Lack of capital – banks out of market
- Premium finance – no funding
- Investors and policy holders seeking liquidity
- Carrier ratings remain strong – some downgrades
- Distressed sellers in the marketplace present unprecedented buying opportunities

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





State of Market

- Buying opportunities in various market segments
- Enhanced IRR's; Longer LE's => lower prices
- Buyer/seller confusion related to pricing software
- Market growth
- Distressed sellers
- Sellers and brokers don't want to get LE's
- Lack of buyers

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Demographics

- Growing senior population
- Capital crisis reduced senior retirement assets and increasing their liquidity needs
- Devaluation of estates/estate taxes
- Financial advisor and consumer awareness increasing, leading to increased market penetration

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Today: Opportunities in Market

- Opportunities available:
 - Traditional life settlements available with pricing utilizing higher IRR's and longer LE's
 - Jumbo policies – few buyers
 - Financed assets – beneficial interest
 - Portfolios
 - Assets from lower rated carriers (below A-)

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written
consent of Life Solutions International, LLC





Traditional Life Settlements

- Characteristics
 - Receivables from highly rated issuers (AA rated pools)
 - Potential for double-digit yields (10-15 percent)
- Examples of risks*
 - Longevity risk
 - Counter party risk
- Examples of risk mitigation*
 - Use of updated LE's from multiple providers
 - Diversification of medical conditions
 - Diversified carrier concentration

*This list of risks and potential mitigation strategies is not intended to be complete or comprehensive. Viewers should consult with their own legal, financial and tax advisors for a full understanding of the potential risks in this asset class

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Larger Face Value Cases

- Characteristics
 - Fewer buyers
 - Higher concentration risk
 - Potential yields 15-18 percent
- Examples of risks*
 - Higher concentration risk per insured
 - Counter-party risk for lower rated carriers
- Examples of risk mitigation*
 - Limit on FV per insured
 - Multiple LE underwriting
 - Carrier rating minimum requirements

*This list of risks and potential mitigation strategies is not intended to be complete or comprehensive. Viewers should consult with their own legal, financial and tax advisors for a full understanding of the potential risks in this asset class

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Financed Assets

- Characteristics
 - Assets financed by a variety of lending programs
 - Types of PF programs: hybrid , full recourse, non-recourse, STOLI/BI trust transfers
 - Available as individual and portfolio assets
- Examples of risks*
 - Structure must be analyzed
 - Carrier rescission (STOLI/BI)
 - Regulatory prohibitions (STOLI/BI)
- Examples of risk Mitigation*
 - Full due diligence on lending program
 - Proper identification of program risks
 - Avoidance of riskiest programs

*This list of risks and potential mitigation strategies is not intended to be complete or comprehensive. Viewers should consult with their own legal, financial and tax advisors for a full understanding of the potential risks in this asset class

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Portfolios

- Characteristics
 - Coming from a multitude of owners
 - Assets ranging from traditional to financed
 - Distressed sellers
 - Layers of unauthorized intermediaries
 - Outdated information (LE's, Illustrations)
 - Opportunities for significant yields
- Examples of risks*
 - Asset quality varies
 - Intricate and complex process to match legitimate buyers and sellers
 - Insurable interest and ownership history; settlement origination
- Examples of risk mitigation*
 - Thorough due diligence and asset evaluation
 - Evaluation of portfolio diversification characteristics
 - Legal review

*This list of risks and potential mitigation strategies is not intended to be complete or comprehensive. Viewers should consult with their own legal, financial and tax advisors for a full understanding of the potential risks in this asset class

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





A Look Ahead

- Return of capital
- Prices will tighten
- Securitizations likely

Investment opportunities with enhanced yields
in the current market require quick action

© 2010 Life Solutions International, LLC.
May not be reproduced or distributed without the express written
consent of Life Solutions International, LLC





A Look Ahead

- Securitization
- Capital availability
- Transaction/process costs being streamlined
- Education of potential investors

© 2010 Life Solutions International, LLC.
May not be reproduced or distributed without the express written
consent of Life Solutions International, LLC





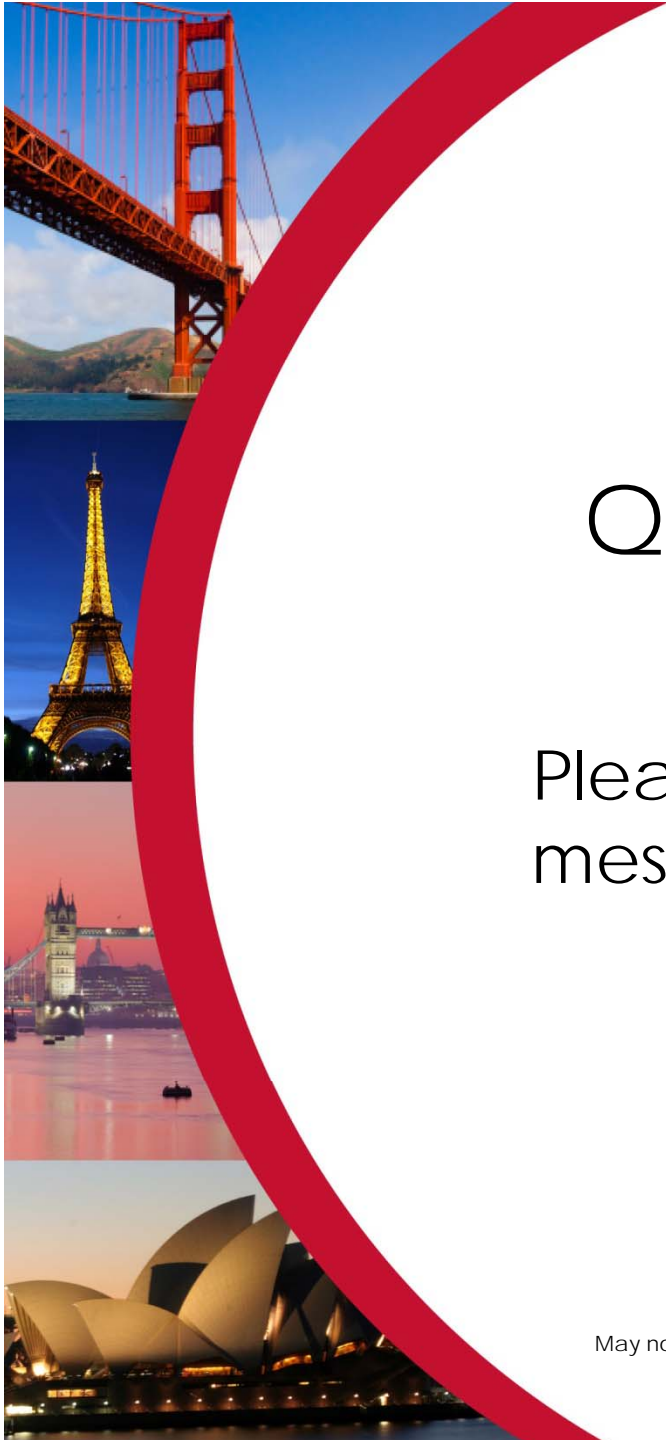
Entry into Market

- Determination of assets to acquire
 - Portfolio characteristics
 - Method of acquisition (managed account, portfolio, etc.)
- Investment structure
- Assembling the right team
 - Provider – origination, servicing, due diligence
 - Legal
 - Actuarial
 - Tax; trustee; securities intermediary

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC





Questions & Answers

Please send all questions in via the message function on the right side of your webinar screen.

© 2010 Life Solutions International, LLC.
May not be reproduced or distributed without the express written consent of Life Solutions International, LLC



ILIAM

- Feb. 3, 2010, 10:30 a.m. PT/1:30 p.m. ET - Investing in Distressed Life Settlement Portfolios
- Feb. 9, 2010, 10:30 a.m. PT/1:30 p.m. ET - Life Settlement Investors Market: Yesterday's Distress is Tomorrow's Success
- Feb. 16, 2010, 10:30 a.m. PT/ 1:30 p.m. ET - Life Settlement Securitization
- Feb. 18, 2010, 3:00 p.m. Western Europe Time (UTC) (GMT)/7:00 a.m. PT - Life Settlement Investments: Yesterday's Distress. Tomorrow's Success (Special event for European time zones)
- Feb. 23, 2010, 10:30 a.m. PT/1:30 p.m. ET - Life Settlement Investment Strategies for Pension Plans
- Mar. 4, 2010, 9:00 a.m. China Standard Time (UTC+8)/5 p.m. PT on March 3 - Life Settlement Investments: Yesterday's Distress. Tomorrow's Success (Special event for Asian time zones)

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written consent of Life Solutions International, LLC



Contact

Life Solutions International
9201 Spectrum Center Blvd., Suite 105

San Diego, CA 92123

858.576.8067

info@lifesolutionint.com

www.lifesolutionsint.com

 Become a fan of ILIAM on Facebook

 Follow us on Twitter @LifeStImntAware

 Join our ILIAM LinkedIn Group

© 2010 Life Solutions International, LLC.

May not be reproduced or distributed without the express written
consent of Life Solutions International, LLC

