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Life Settlement Investments:

Yesterday's Distress.
Tomorrow's Success.

(Special Event for European Time Zones)

February 18, 2010

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Panelists

- Larry Simon, president,
Life Solutions International
- Robert O'Keefe, partner,
Sidley Austin, LLP
- Lee Christie, partner,
Sidley Austin, LLP
- Moderator: Kurt Gillhaus, VP of Marketing, Life
Solutions International





Larry Simon

President and CEO
Life Solutions International, LLC

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Overview

- Last 18 Months – Distressed Sellers
- State of the Market – A Buyer's Market
- Opportunities Available in the Market
- A Look Ahead

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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

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State of Market

- Buying opportunities in various market segments
- Longer LE's => lower prices => higher IRRs
- Lack of accurate data
- Market growth
- Distressed sellers
- Old LE's
- Lack of buyers

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Demographics

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

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Today: Opportunities in Market

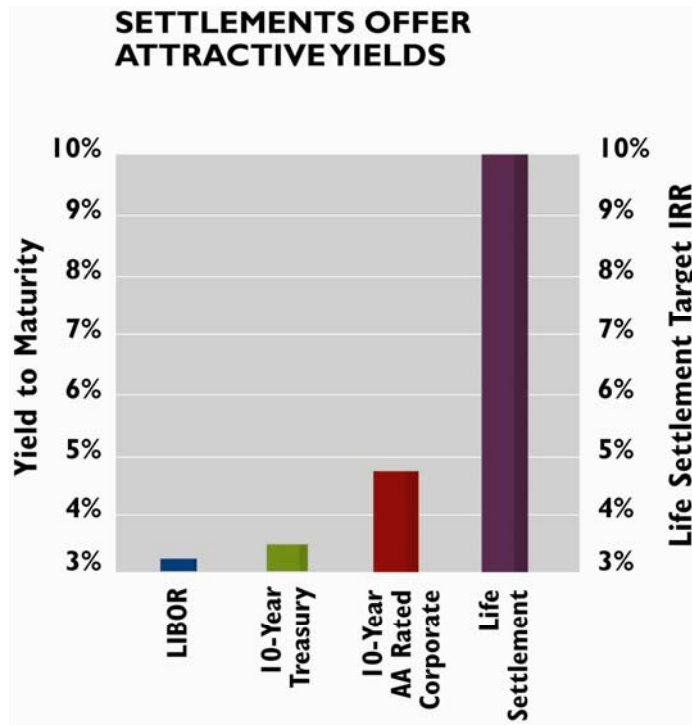
- Opportunities available:
 - Traditional life settlements available with pricing utilizing higher IRR's and longer LE's
 - Jumbo policies – few buyers
 - Financed assets – beneficial interest
 - Portfolios
 - Assets from lower rated carriers (below A-)

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Settlements Offer Potentially Attractive Yields



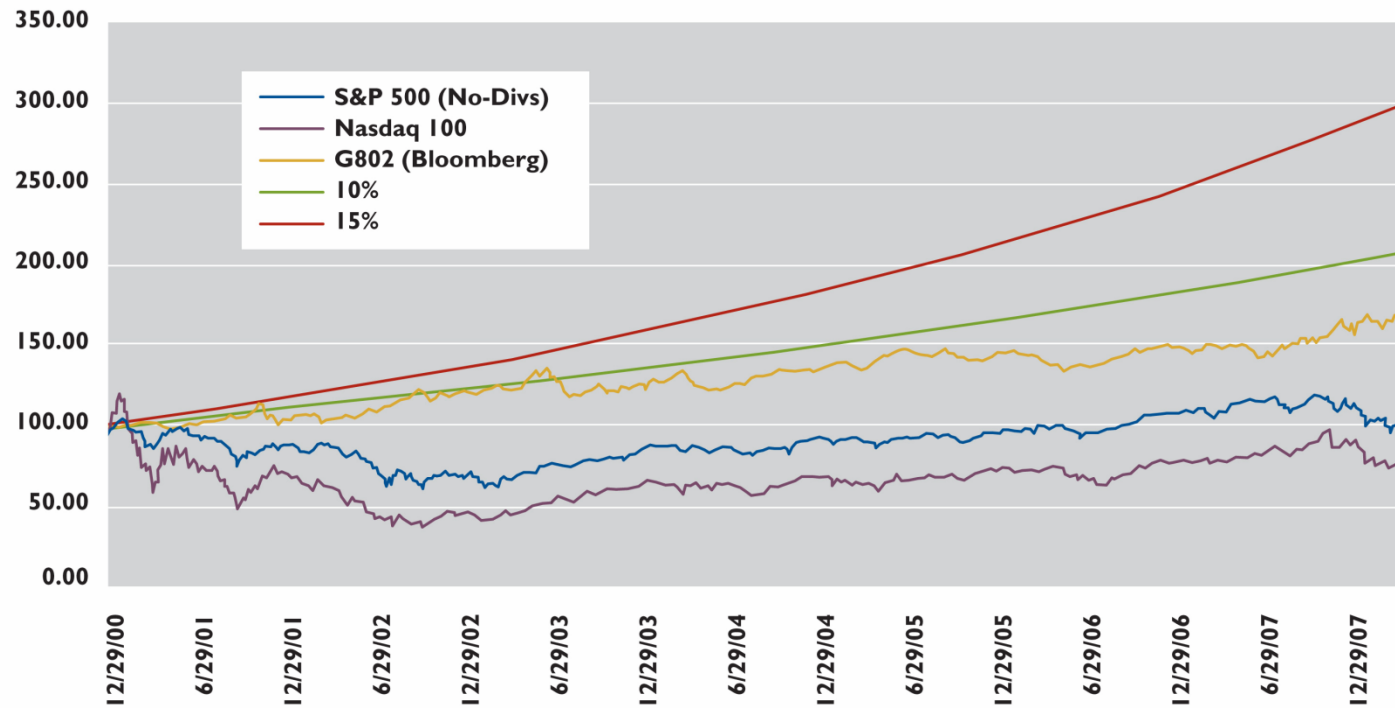
Relative to other US fixed income investments, life settlements may offer attractive target IRRs over a long term horizon. *As of March 31, 2008.*

Source: Bloomberg and Pinnacle Data



Historically Attractive Returns

ATTRACTIVE RETURNS WITH LOWER VOLATILITY



Source: Bloomberg and FastTrack

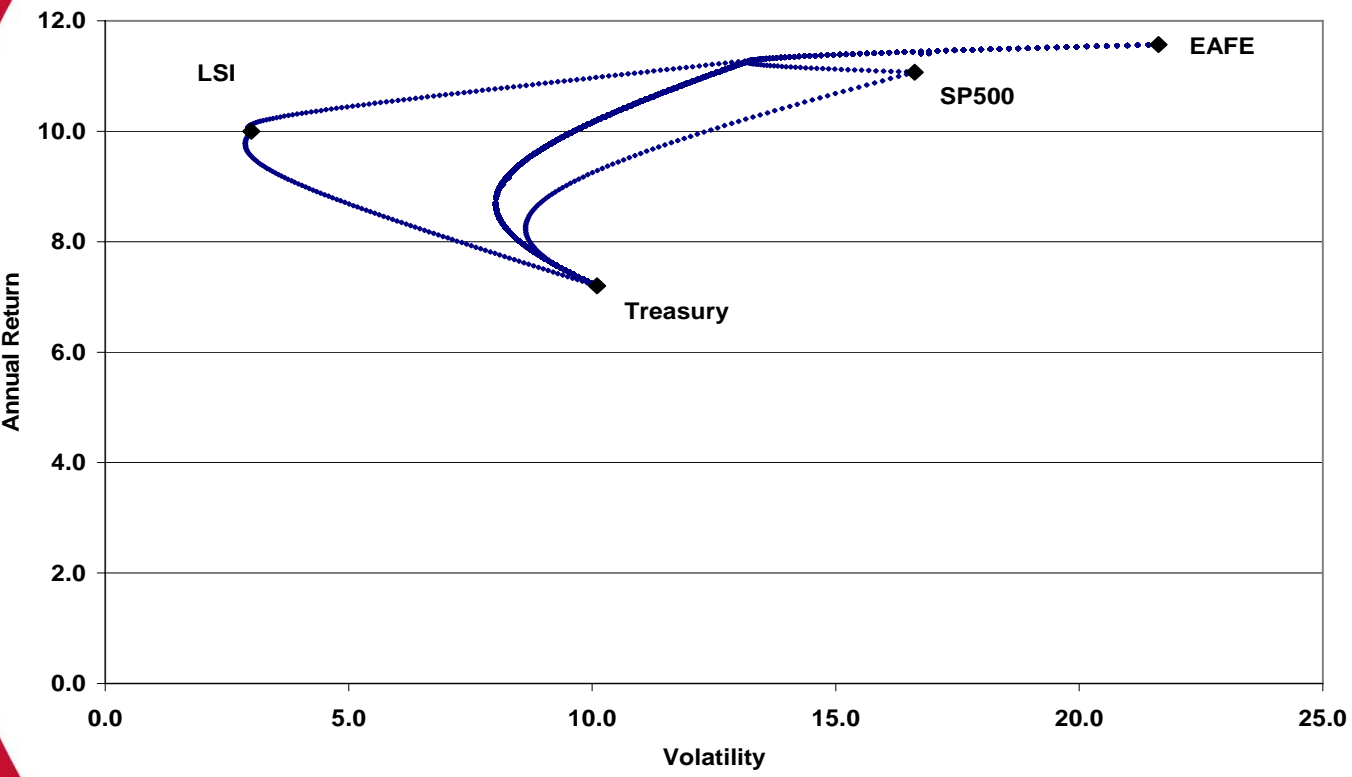
*Past returns are no indication of future performance

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Expanding the Efficient Frontier

Expansion of Efficient Frontier



Source: Life Settlement Solutions, Inc.

	<u>Volatility</u>	<u>R of R</u>
Life Settlements	3%	10%
EAFE	21.6%	11.6%
SP	16.6%	11.1%
Treasury	10.1%	7.2%



Assets Available

- Traditional life settlements
- Large face value policies
- Portfolios
- Financed assets





A Look Ahead

- Securitization
- Capital availability
- Education of potential investors

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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

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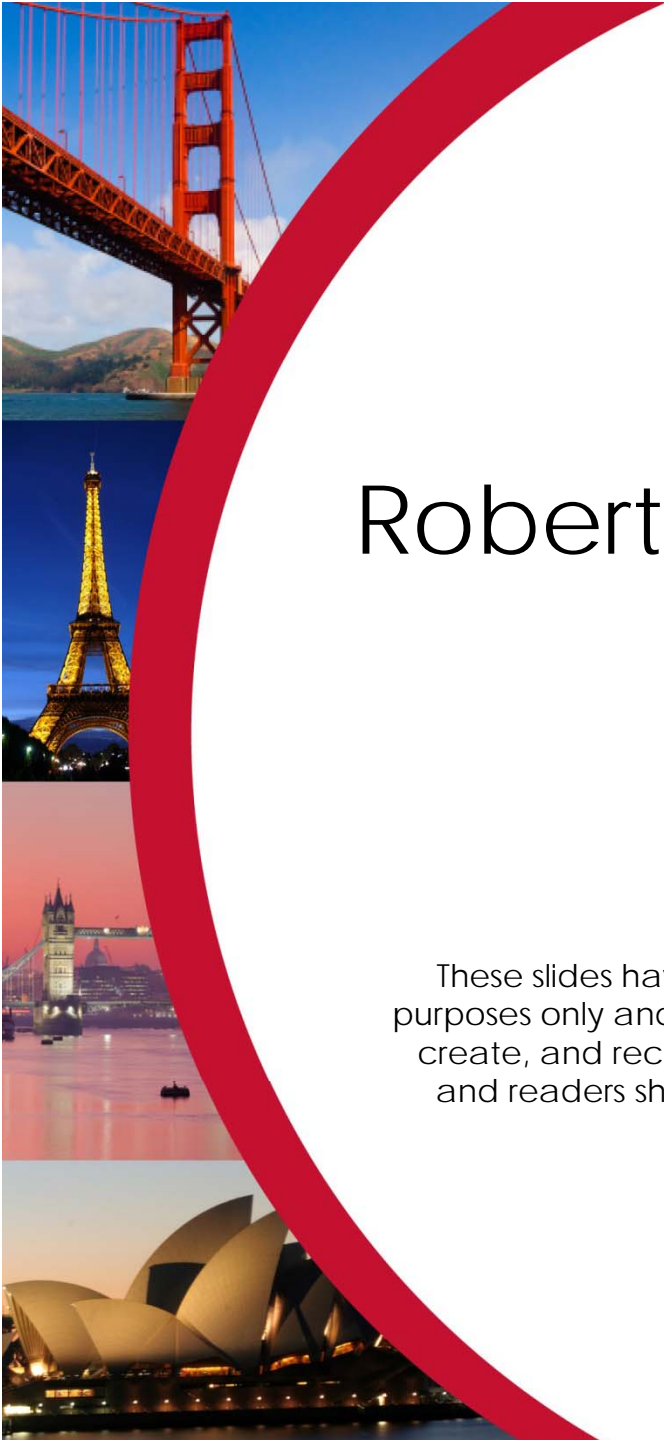
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Robert O'Keefe and Lee Christie

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Certain U.S. Regulatory Considerations in Life Settlement Transactions

- State Life/Viatical Settlement Laws
 - Lack of uniformity among states, although often based upon NAIC and/or NCOIL model acts
 - Broker and provider licensing requirements
 - Disclosure requirements (*i.e.*, offers and compensation)
 - Approach to STOLI (definition vs. 5 year waiting period)
 - Recent regulatory developments
- Federal Tax Laws, State and Federal Privacy Laws, State and Federal Securities Laws and State Insurable Interest Laws
- Increasing Interest in Life Settlements at Federal Level
 - U.S. Senate committee hearing in April 2009
 - IRS revenue rulings in May 2009
 - SEC establishes “task force” in August 2009
 - U.S. House committee hearing in September 2009
 - Obama Administration 2011 Budget Proposal



Certain U.S. Tax Considerations in Life Settlement Transactions

- IRS Guidance on Taxation of Life Settlement Transactions in 2009
 - Revenue Ruling 2009-13 (Individual Policyholders)
 - Revenue Ruling 2009-14 (Life Settlement Investors)
- Certain U.S. Tax Issues Relevant To Foreign Life Settlement Investors
 - Engaged in trade or business in U.S.
 - Potential applicability of 30% withholding tax
 - Existence of and qualification for tax treaty benefits
- Proposed Tax Law Changes in Obama Administration's 2011 Budget Proposal



Certain Privacy-Related Considerations in Life Settlements

- Much of the information related to insured lives is non-public personal information.
 - Social security number, medical information, etc.
- Both Federal and State laws are relevant to ability to obtain, use and disclose non-public personal information.
 - HIPAA (Federal)
 - GLBA (Federal)
 - State Privacy Laws Applicable to Health Care Providers
 - State Privacy Laws of General Application
 - State Laws Applicable to Life Settlement Providers



Certain Issues to Consider When Evaluating an Investment in Life Settlements

- Evaluation of Assets
 - Terms of policy and related application
 - Presence of insurable interest
 - Were policies part of any premium finance or other “programs”, such as beneficial interest? If so, what was the nature of the program?
 - Presence of any pending or threatened rescission claim, litigation or other dispute
 - Status of medical records and previous LEs (if any), and ability to obtain updated medical records and LEs
- Evaluation of Seller
 - Who is selling the policy? Original owner? Other party?
 - To the extent seller is other than original owner, what is history of ownership, were prior transfers in compliance with applicable law and has insurance carrier been properly notified of any transfers of ownership and/or collateral assignments?
 - How does the seller hold the policy (i.e., what is the ownership structure?)
 - Does the seller have clean title and ability to transfer such title to the buyer?



Importance of Selecting Experienced Representation in Life Settlement Transactions

- Given the nature and complexity of life settlement transactions, it is important to work with and retain representatives who have experience with this asset class.
- In particular, if you are going to transact with a life settlement provider, consideration should be given to issues including regulatory compliance, litigation history, the quality of their people and the quality of their systems.
- Similar consideration should go into retention of legal and other counsel.



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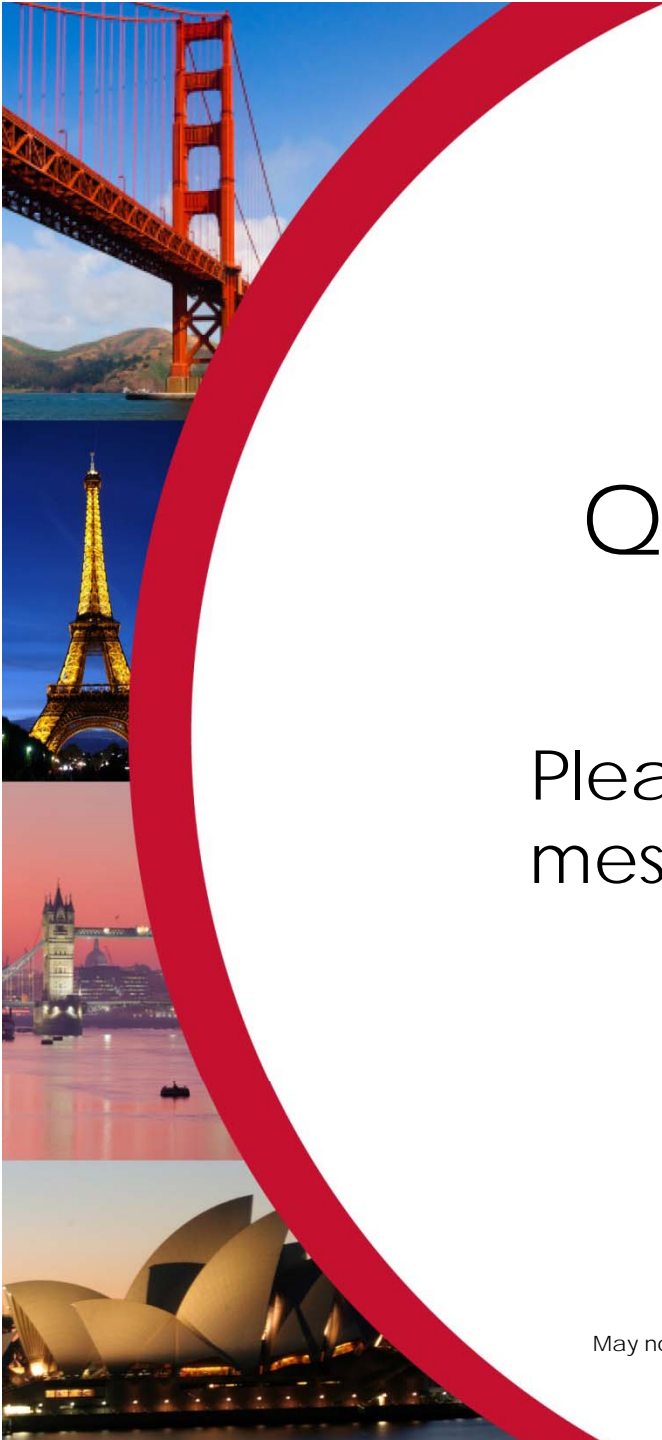
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Questions & Answers

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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)

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