



© 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.

(Special Event for Asian Time Zones)

March 4, 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 9 a.m. China Standard Time (UTC+8) (March 4); 5 p.m. Pacific time (March 3)

© 2010 Life Solutions International, LLC.

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





Panelists

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





Kurt Gillhaus

Vice President of Marketing
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
- State of the Market – A Buyer's Market
- Opportunities Available in the Market
- A Look Ahead

© 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
- Longer LE's => lower prices => higher IRRs
- Lack of accurate data
- Market growth
- Distressed sellers
- Old 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
- 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

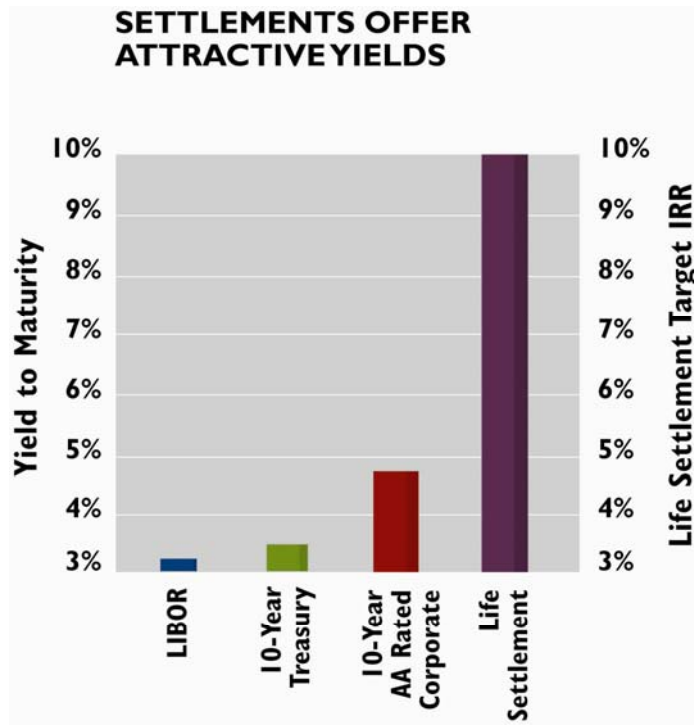
- Opportunities available:
 - Traditional life settlements available with pricing utilizing higher IRR's and longer LE's
 - Jumbo policies – few buyers
 - Financed assets – beneficial interest
 - Portfolios
 - Assets from lower rated carriers (below A-)

© 2010 Life Solutions International, LLC.

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



Settlements Offer Potentially Attractive Yields



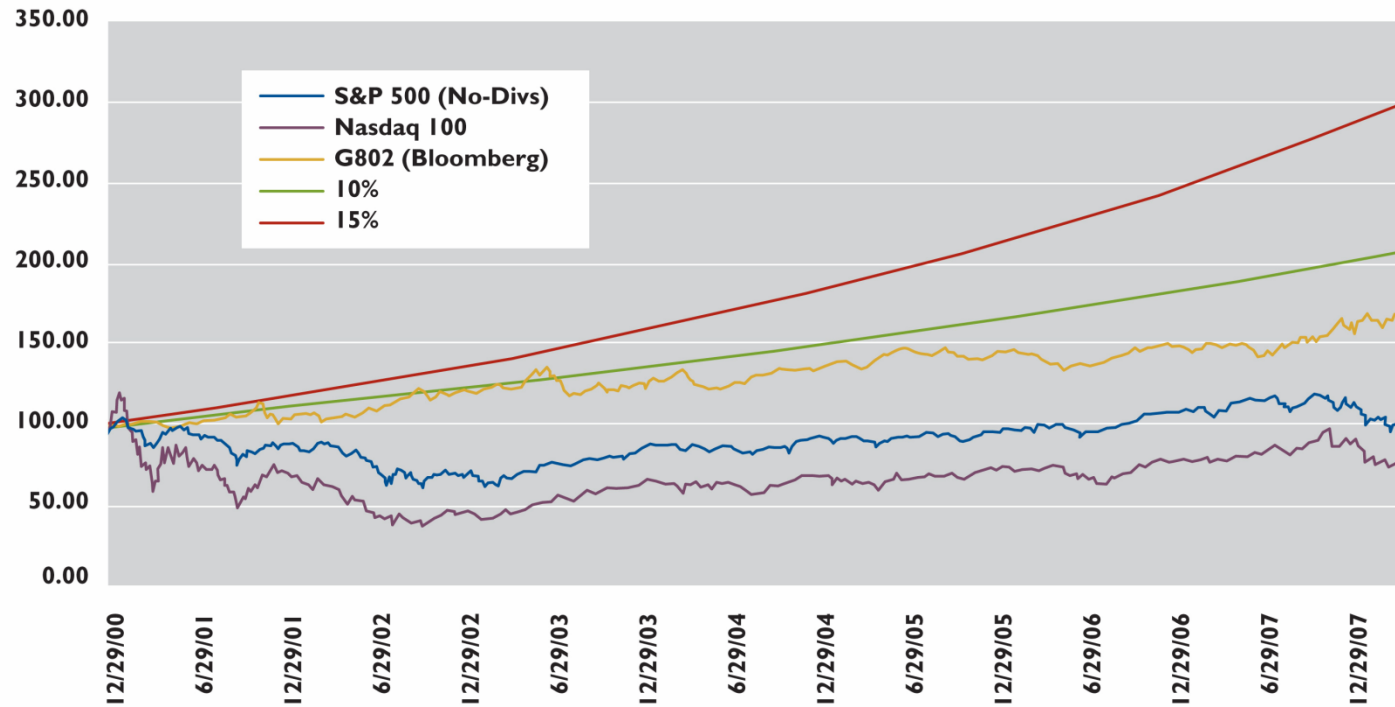
Relative to other US fixed income investments, life settlements may offer attractive target IRRs over a long term horizon. *As of March 31, 2008.*

Source: Bloomberg and Pinnacle Data



Historically Attractive Returns

ATTRACTIVE RETURNS WITH LOWER VOLATILITY



Source: Bloomberg and FastTrack

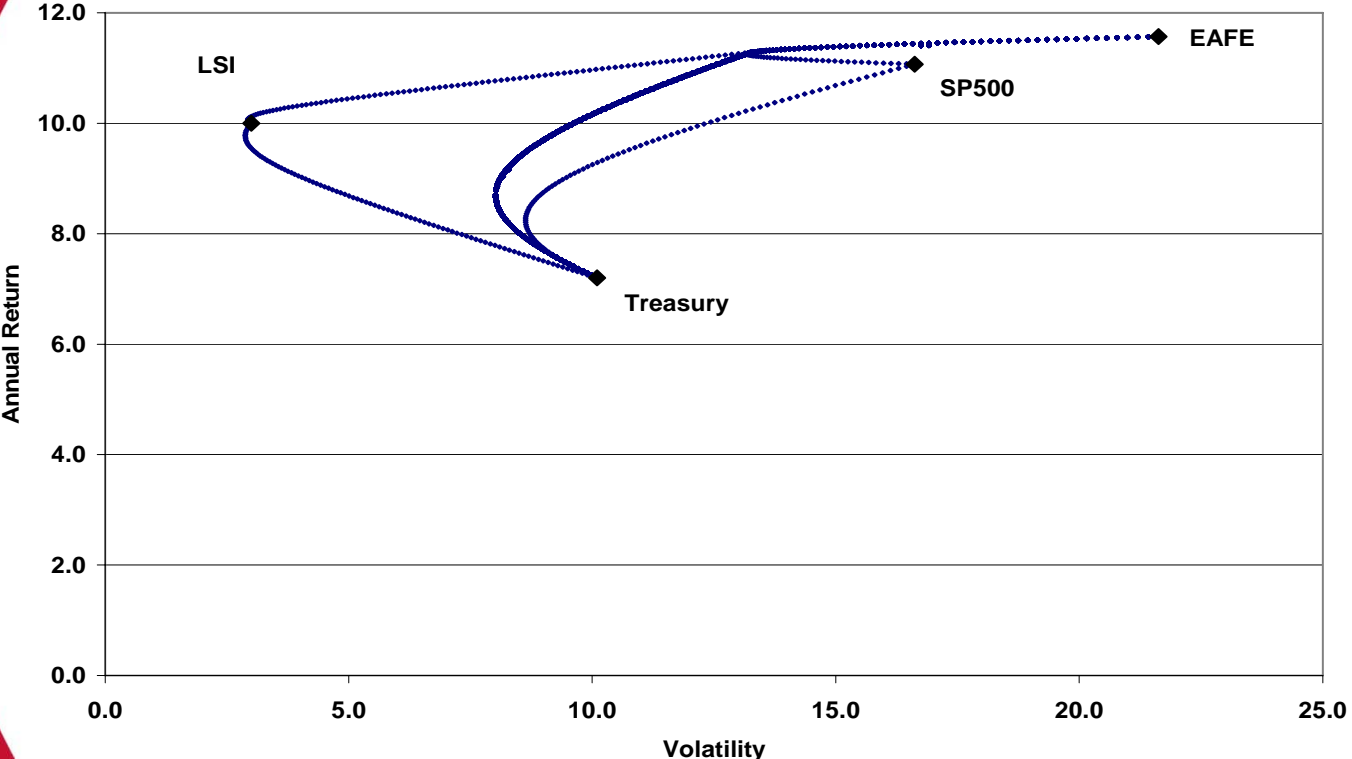
*Past returns are no indication of future performance

© 2008 Life Solutions International, LLC



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

© 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



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

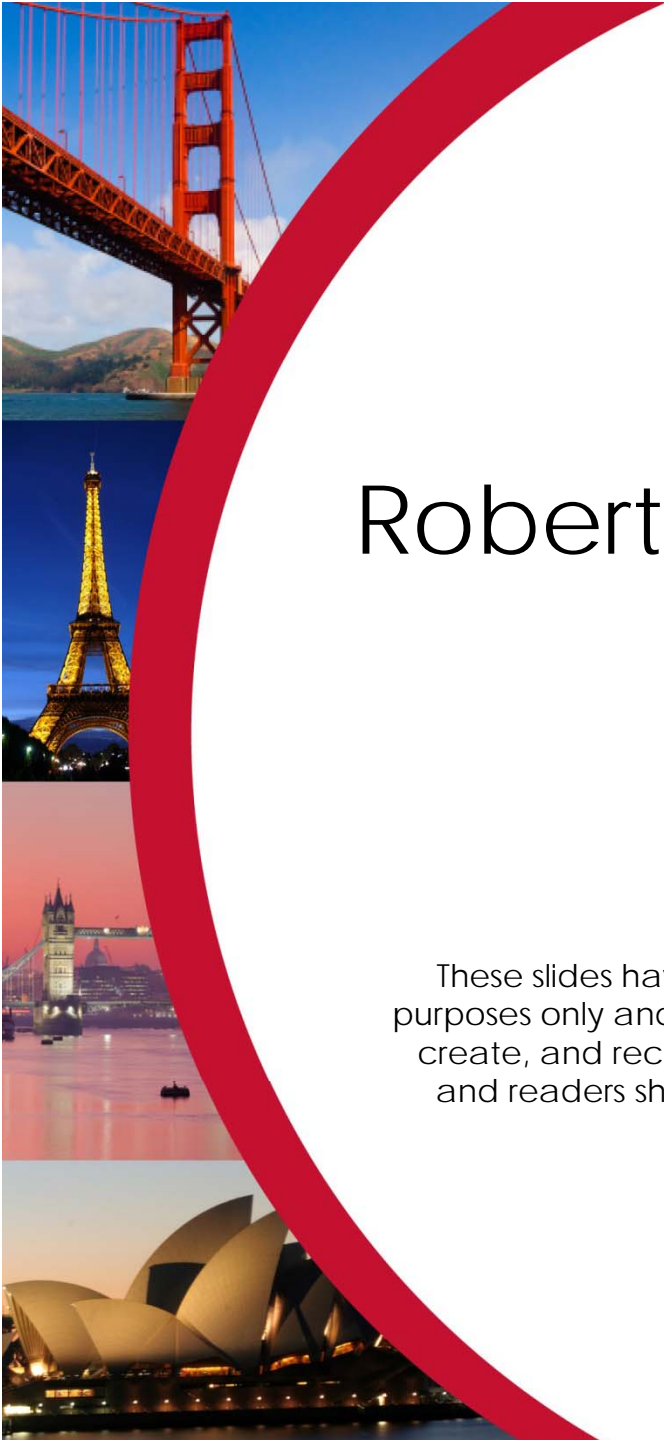
 Follow us on Twitter @LifeStlmntAware

 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





Robert O'Keefe and Lee Christie

Sidley Austin LLP

These slides have been prepared by Sidley Austin LLP for general informational purposes only and do not constitute legal advice. This information is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. Viewers and readers should not act upon this without seeking advice from professional advisers.

SIDLEY AUSTIN LLP
SIDLEY



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.



Contact

Robert P. O'Keefe

Sidley Austin LLP
One South Dearborn Street

Chicago, IL 60603

Phone: 312.853.7110

Fax: 312.853.7036

rokeefe@sidley.com

www.sidley.com

SIDLEY AUSTIN LLP
SIDLEY



Contact

R. Lee Christie

Sidley Austin LLP
One South Dearborn Street

Chicago, IL 60603

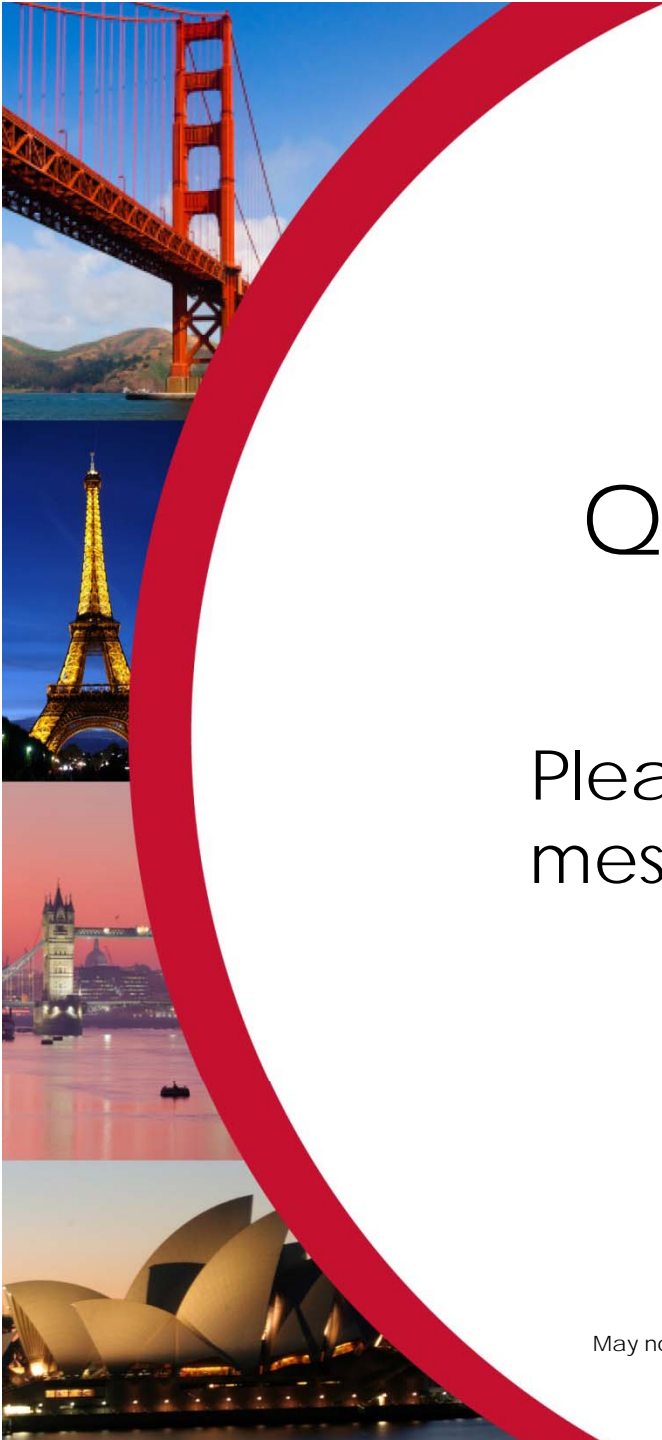
Phone: 312.853.3586

Fax: 312.853.7036

rchristie@sidley.com

www.sidley.com

SIDLEY AUSTIN LLP
SIDLEY



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

