

BusinessWeek

EXERTS ON THE LIFE BENEFITS PROGRAM, FROM: Business Week

"Some 90 Million Americans own life insurance, but many of them find the premiums too expensive; others would simply prefer to cash in early. Life settlement's are arrangements that offer people the chance to sell their policies to investors, who keep paying the premiums until the sellers die and then collect the payout. Now, wall-street sees huge profits in buying policies, throwing them into a pool, dividing the pool into bonds, and selling the bonds to pension funds, college endowments, and other professional investors. If the market develops as Wall Street expects, ordinary mutual funds will soon be able to get into the action, too."

"A person, typically 70 and older, who wants to cash out of a life insurance policy, can receive an up-front payout which can vary widely, from 20% of the death benefit to 40%. The buyers take over the premiums until the seller dies, at which point the buyer collects the remainder of the death benefit. Initially, the buyers are investment banks and hedge funds. After a bank or hedge fund collects a sufficient number of policies, typically 200, it turns them into asset-backed securities called death bonds to sell to investors. The incentive to investors: Death bonds will produce steady returns of around 8%."

"In May of 2007, many of the biggest players in finance gathered at a conference in New York to talk about life insurance bonds. When the event was held two years ago, just 250 people showed up. This time, nearly 600 descended on the Sheraton hotel and towers for the three-day confab, including delegations from Bear Stearns (BSC), Deutsche Bank (DB), Lehman Brothers (LEH), Merrill Lynch (MER), UBS (UBS), Wachovia (WB), Wells Fargo (WFC), and other big firms."

"Cantor Fitzgerald, one of wall-street's savviest bond-trading shops, is rolling out an electronic trading platform for life settlements, and ultimately death bonds."

"In 2005 about \$10 billion worth of Life insurance policies were transacted, up from virtually nothing in 2001. Industry analysts say this number rose to \$15 billion in 2006, and could double in 2007, to \$30 billion (which it did). Over the next few decades, as the ranks of retirees swell, the face value of life settlement deals will top \$160 billion a year in today's dollars."

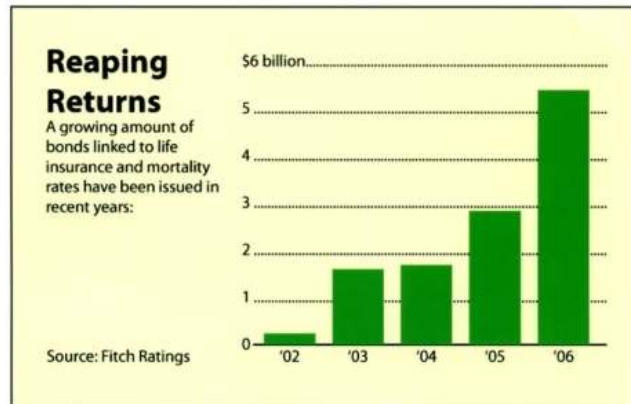
THE WALL STREET JOURNAL.

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“Firms on average are paying policyholders about three times what insurers pay people who want out of their policies while still alive (the so-called surrender value).”

“Some of the world’s largest insurers and investment banks are selling bonds linked to life insurance and the immense cash flows associated with it.”

“Last year, insurers sold \$5.4 billion in bonds linked to life insurance and mortality, according to Fitch Ratings, and the market is growing exponentially. Buyers are typically hedge funds, pension funds and other institutional investors, rather than individuals.”



“The Life settlement industry has grown from 16 member companies in the year 2000 to 165 members today, including major firms such as Deutsche Bank (DB), Goldman Sachs (GS), Credit Suisse (CS), and Bear Stearns Co’s (BSC).”

“Swiss Re has issued five bonds linked to life insurance and mortality already, the latest of which raised more than \$700 million from institutional investors.”

“French insurer AXA has also issued similar bonds, as has Aegon, a Dutch insurer which did two deals last month, including one that freed up about \$175 Million for the company.”

“Swiss re says the market for insurance linked securities could be ten times greater by 2016.”

The New York Times

Late in Life, Finding a Bonanza in Life insurance

By Charles Duhigg; 12/17/2006

“Hedge funds, financial institutions like Credit Suisse and Deutsche Bank, and investors like Warren E. Buffett are spending billions to buy life insurance policies from the elderly.”

Economist.com

New Lease on Life

5/15/03

“The secondary market in life insurance policies is good for consumers.” “The economic argument... is plain. Before the life-settlement industry grew, life insurance companies were the sole buyers of unwanted policies. Now consumers have a choice, and the chance to get more if they cash their policies in.”

The HeraldNews

Life Insurance Can Pay Off Early

By Malcom Berko; 8/3/2007

“Next to federal crop subsidies for wealthy farmers, this may be one of the few remaining free lunches.”

“It’s a simple business transaction that sounds too good to be true. However, sometimes (and be mindful that I said “sometimes”) when something sounds too good to be true, it’s not. And this is probably one of the very few occasions of which I know where a life insurance policyholder doesn’t have to die to collect money.”

Worth

Your Hidden Asset

By Nemo Perera; 5/2/2005

“Many individuals overlook an important asset, which if managed effectively, could significantly boost their net worth: their insurability... New financial and insurance technologies now enable wealthy individuals to access and monetize this asset while they are alive.”

“Many Individuals have a poor understanding of how to leverage and maximize this sizeable and free asset on our personal balance sheets. Those who take the time to understand it may find it has the potential to add millions of dollars to their net worth.”