

Robin & Peter on LIFE SETTLEMENTS



June 12, 2013

5 Highlights from the LISA Conference

This year's spring Life Insurance Settlement Association (LISA) conference was held in Las Vegas between May 29 and 31. As always, the conference was interesting and informative. Here are a few highlights that illustrate **why you should be paying attention to life settlements**:

- **Investment interest in life settlements continues to increase.** This is great news for sellers trying to maximize the value of a policy they no longer want, need, or can afford. Pension plans, in particular, find that life settlements are a good match for their long term investment horizons and their need for alternative investments that are not correlated with the stock and bond markets. For similar reasons, life settlements also have appeal to foundations and endowments. One new thought is that life settlements are a "socially responsible investment." That's because investing in life settlements permits seniors, who need money, to maximize the value of their life insurance.
- **Texas became the first state to pass legislation enabling life settlements to be part of the Medicaid eligibility process rather than requiring the surrender of the policy.** The new law awaits Governor Perry's signature. Also, add New Jersey and California to the [list of states considering such legislation](#). With Medicaid long term care representing one of the largest single budget items for most states, these laws should be a no-brainer.
- Professor Narayan Naik of the London Business School presented a preview of his [research paper on life settlements](#) that was published on June 10th. The paper provides ample evidence that **life settlements provide significant value to policy owners** while at the same time proving to be an excellent investment for buyers.
- **Small face policies continue to be an underserved market for life settlements.** Investors continue to struggle with how to underwrite small face policies accurately, efficiently and economically. Once they do, this market will

explode.

- Does a life settlement actually increase life expectancy? Life expectancy underwriters are increasingly taking into account what they call the "healthy-wealthy effect" that seems to impact their mortality assessments for insureds who participate in a life settlement transaction. **Could the financial benefit provided by a life settlement and the resulting increase in well-being actually allow people to live longer?**

The conference left no doubt that **the life settlement business is on the upswing** and its future looks bright. As situations come up where insureds have policies that they no longer need, want or can afford, give us a call so that we can help you to determine if a life settlement could be a source of "found" money. Remember, it can't hurt to try - it can only hurt not to.

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