

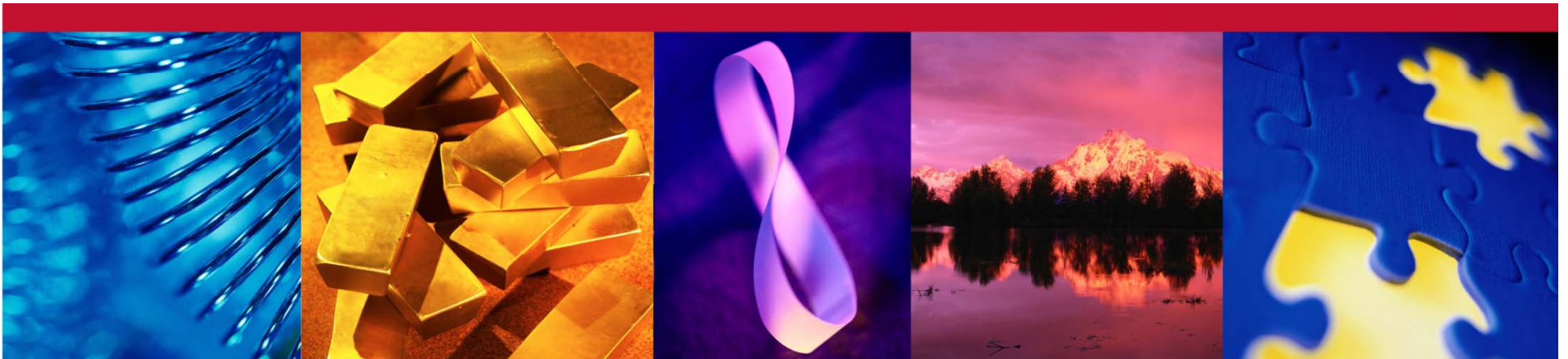


*In the Secondary Market, We're First.™*


# Broker Panel: Understanding Providers and Brokers

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# Webinar Instructions

- Dial in to 1-800-839-9416; access code 8334152. 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.
- 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**

# LSAM Events & Resources

- June 1 – Fundamentals of Life Settlements
- June 3 – Advanced Strategies and Case Studies
- June 8 – Investors Only Part 1 - Current Opportunities and State of the Market
- June 16 – Broker Panel: Understanding Providers and Brokers
- June 22 – The Life Settlement Marketplace - Regulatory Climate; Market Trends
- June 24 – Investors Only Part 2 - Portfolios, Securitization, Settlement Allocation impact on overall Portfolios

Continuing Education course on life settlements ([www.lss.webce.com](http://www.lss.webce.com)) available in all 50 states (2-8 CE Credits)

Downloadable resources and event signup at:  
[www.lifesettlementawarenessmonth.com](http://www.lifesettlementawarenessmonth.com)

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Life

# Panelists



- Ron Alexander & Cyndi Poveda, Crump
- John Welcom, Welcome Funds
- Kurt Gillhaus, Life Settlement Solutions, Inc.

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**Ron Alexander**  
SVP, Secondary Markets

**Cyndi Poveda**  
VP, Secondary Markets

# Crump Life Insurance Services

- Largest wholesale broker of insurance based products in the U.S.
- Over 3,000 employees in three divisions
- Serve over 200,000 producers
- Specialized life settlement business unit
- Originate life settlements from four brands: Crump, Potomac, TIME (BDs), LifeSource (P&C)

# A Changing Marketplace

## That was then...

- Easy Credit
- Low Return Requirements
- Appetite for Alternative Investments
- Creative Investment Strategies

# A Changing Marketplace

...This is now

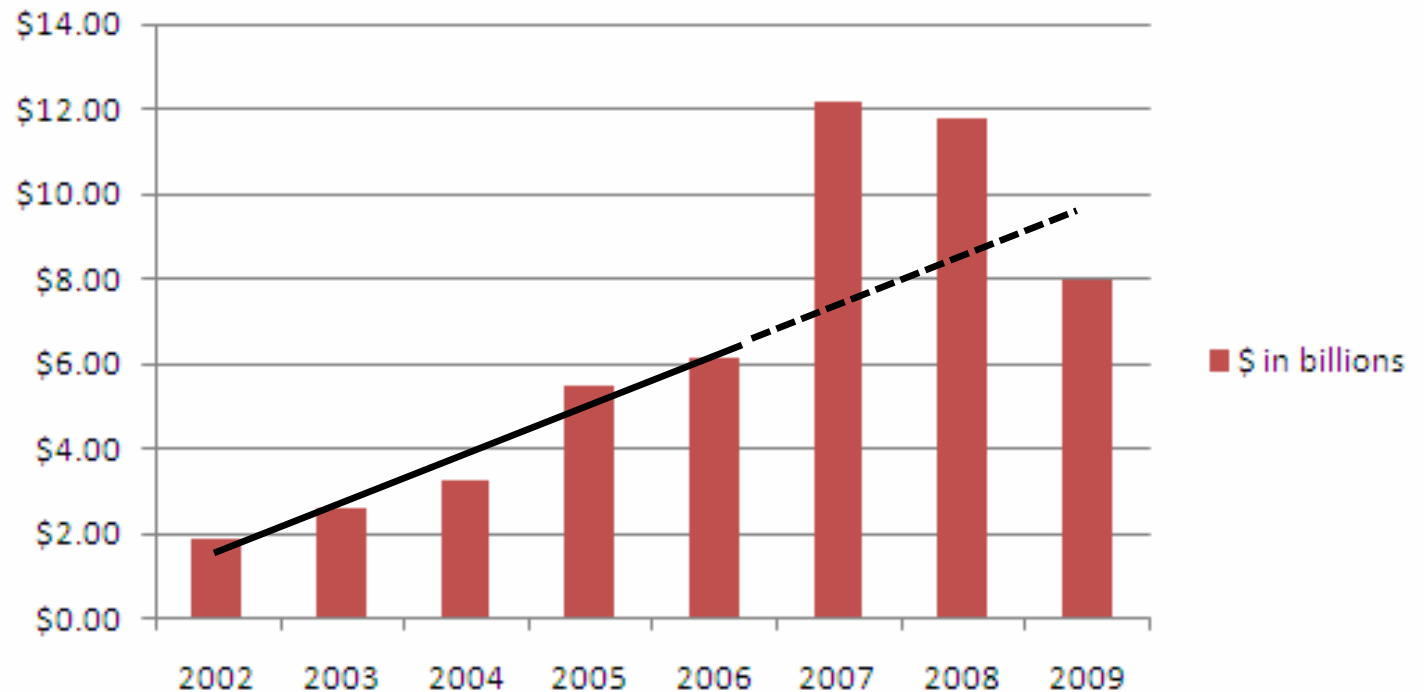
- Tight Credit
- Reduced Liquidity
- Traditional Investment Strategies
- Increased Due Diligence

# Supply Side Fundamentals Remain Strong

- Growing Senior Population
- High Value Transaction
- Awareness Improving
  - 2008: 32% of Seniors Aware of Life Settlements (LIMRA)
  - 2010: 47% of Seniors Aware of Life Settlements (ISI)
  - Nearly a 50% increase in 2 years

# Return to "Pre-Bubble" Volume Growth

## Estimated Annual Settlement Volume



Sources: Conning Research & Consulting, 2002-2008 & Aite Research, 2009.



# Changing Brokerage Landscape

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Life Settlement Awareness Month

- Dramatic reduction of specialized firms
- Responses to market consolidation
  - Exit / Re-focus on Core Business
  - Diversify Beyond Brokerage
  - Mergers / Partnerships / Acquisitions

**Crump**<sup>®</sup>  
Life Insurance Services

# Value of a Broker

- Market Knowledge & Coverage
- Legal & Compliance Resources
- Expectation Management: Consultative Approach, Valuation Illustrations
- Case Handling: Duty to Client, Privacy, Disclosures, Counter-Party Due Diligence
- Agent Services: E&O, APS Retrieval, LE Reports, Broker-Dealer clearing
- Institutional Services: Customized Platforms

# Inside Crump

- Specialized Broker... Connected to vast insurance resources and distribution network
- Legal & Compliance Department
- Underwriting & Advanced Planning Resources
- Coordinated Multi-Product Sales
- Nationally Registered Broker-Dealer
- Insurance Carrier Relationships
- Unmatched Institutional Account Experience



# Contact



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# John Welcom

## Welcome Funds



# About Welcome Funds

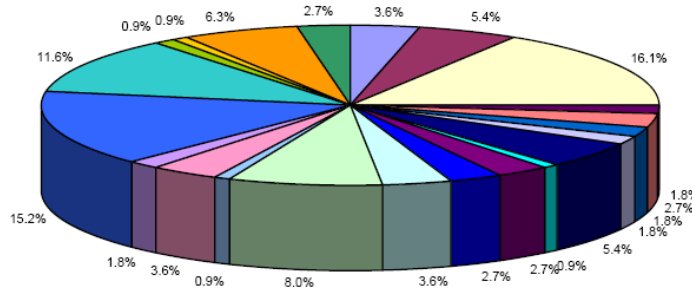
- Established in 2000, Welcome Funds is a national leader in life settlement brokerage services with over a decade of market experience.
- A transparent turn-key platform to access the leading life settlement providers and institutional buyers.
- As a broker, Welcome Funds represents the best interests of the policy owner during the life settlement process. It is our duty to optimize the value of the sale by negotiating with the maximum number of licensed providers in the transaction state.



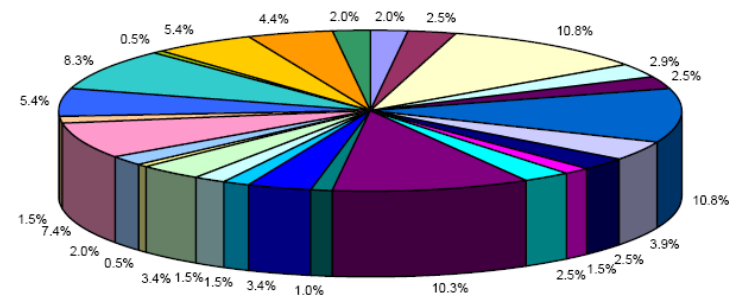
# Provider Relationships

- Due to the ever-changing liquidity of life settlement providers and their institutional investors, maintaining relationships with ALL major institutional funding sources is a MUST in today's marketplace.

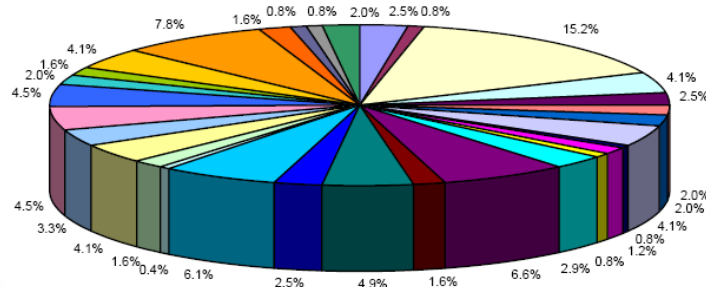
**2006**  
22 Different Providers



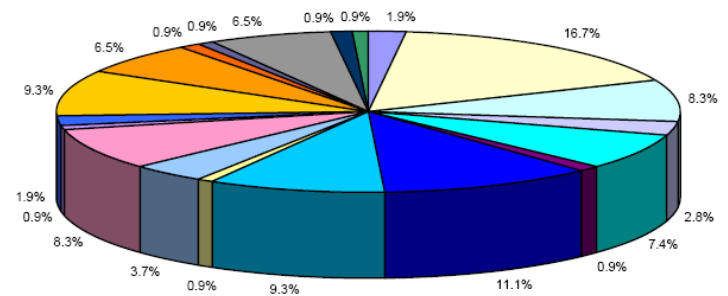
**2007**  
26 Different Providers



**2008**  
31 Different Providers

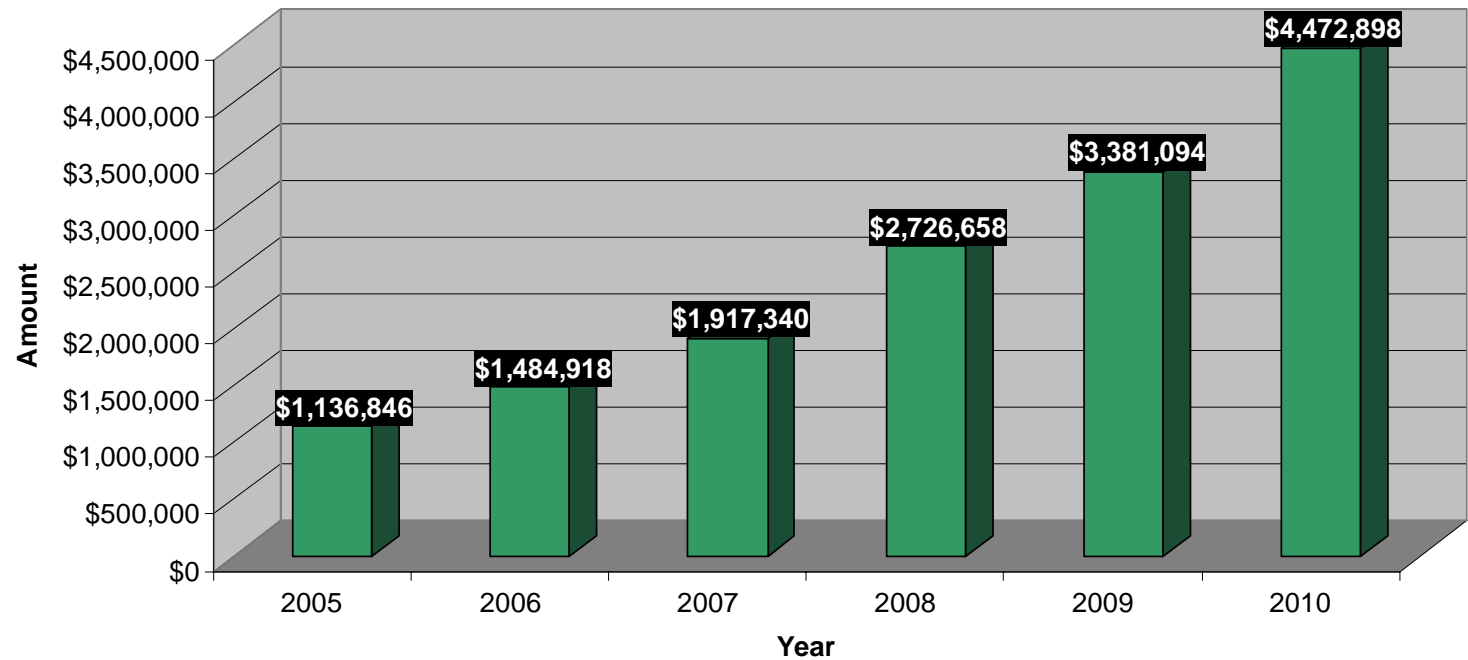


**2009**  
21 Different Providers

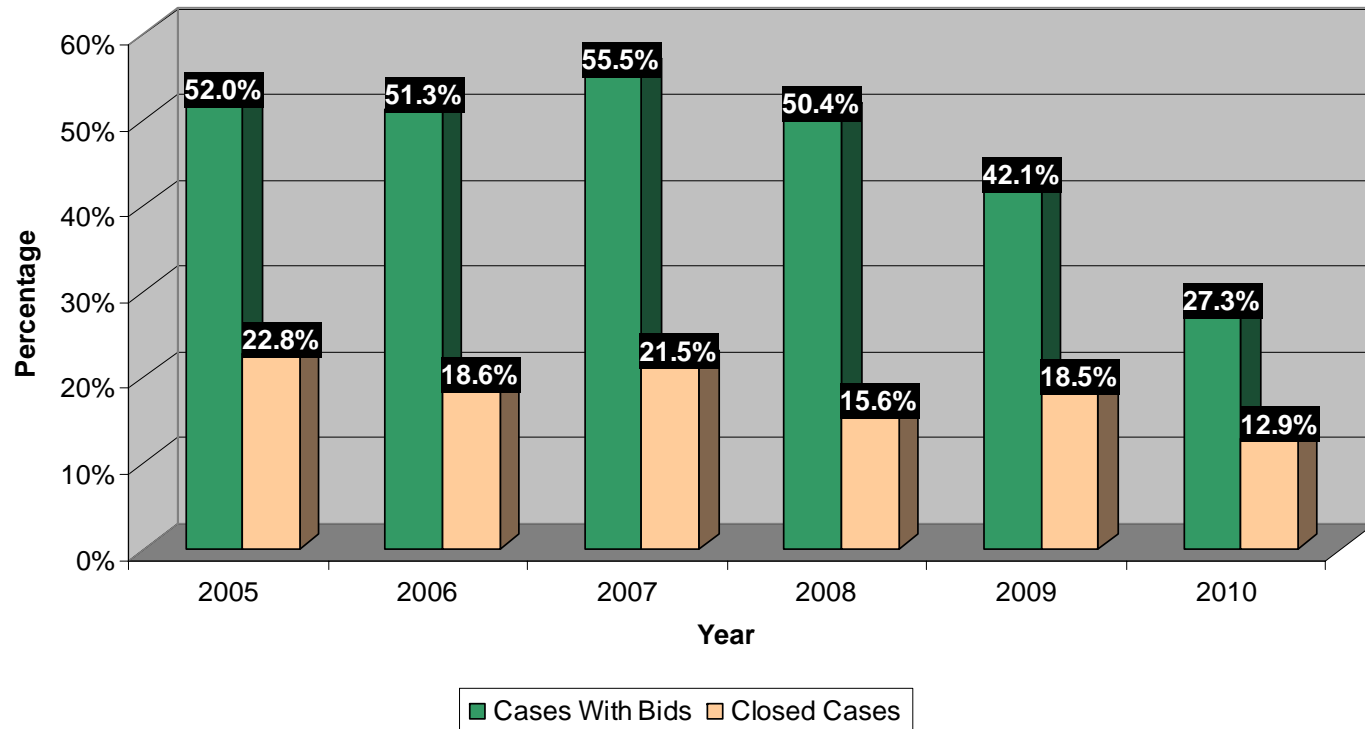


# Life Settlement Market Data

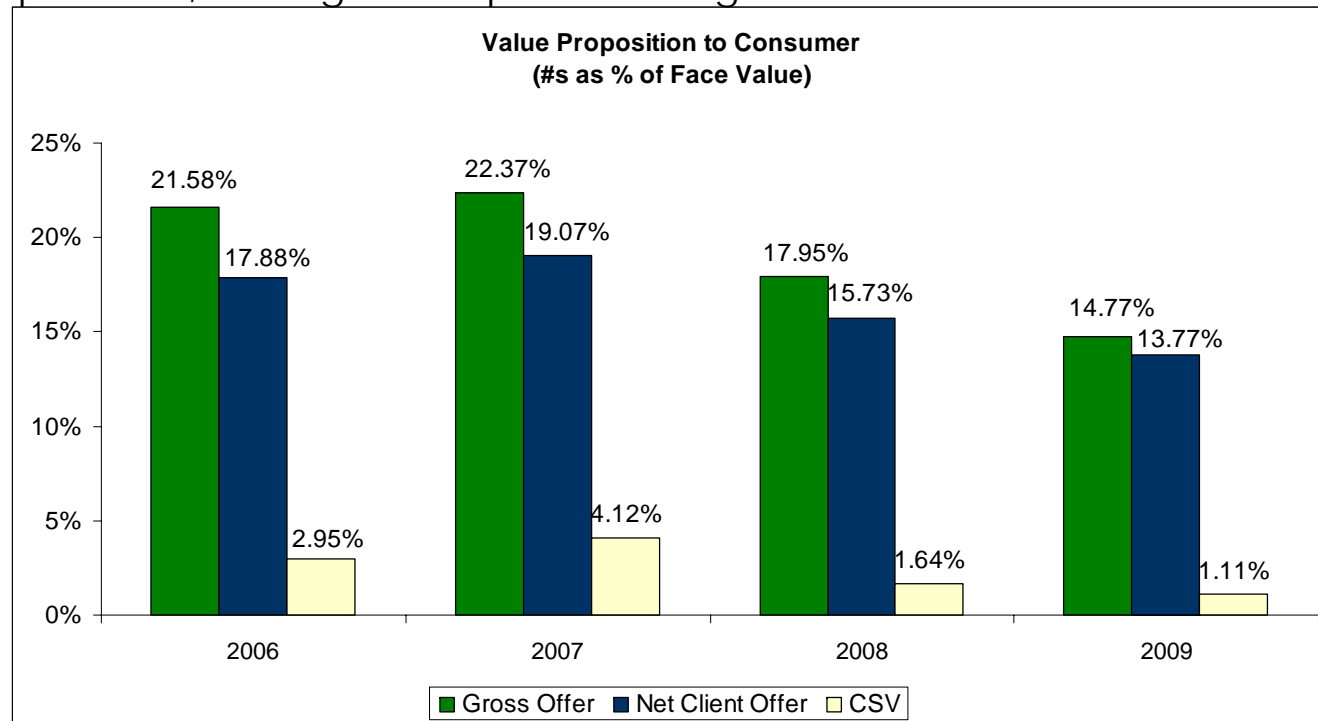
**Average Face Value Per Year**



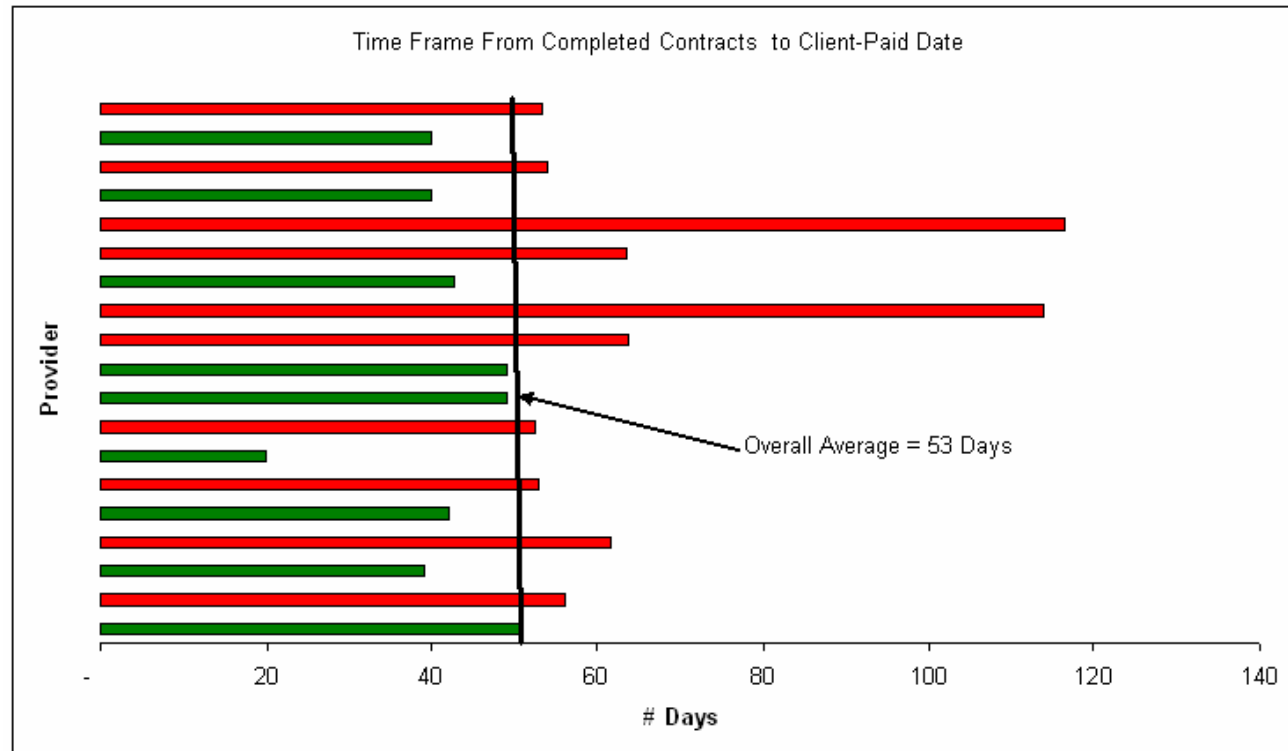
**Bidding and Closing Trends**  
(percentage of submissions)



- Welcome Funds ensures a **best execution** approach, thereby maximizing fair market value
- **Personalized Negotiations:** We consider our process a “personal” approach, combining both an auction-like system with experienced supervision, oversight and personal negotiation



- Our **best execution** approach considers (i) Settlement Timing, (ii) Offer Quality and (iii) Price



Data represents 2009 Closed Files

# The Changing Role of the Broker

## Adapting to the New Market



# WELCOME LIFE SECURITIES

- Welcome Life Securities, LLC provides broker-dealers & their registered representatives with a fully compliant, turn-key platform that ensures a variable life settlement transaction meets demanding industry regulations and requirements.



**LIFE MARKETS  
COMPLIANCE**

- LMC provides our strategic partners with:
  - Advisory services regarding compliance and regulation
  - Licensing support and guidance
  - Compliance services for broker-dealers and their affiliated producer group



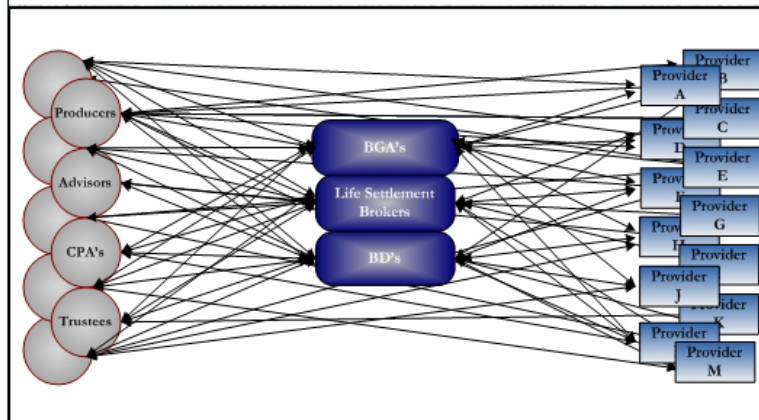
# PolicyTRAC®

*Life Settlements. Simplified.*

[www.policytrac.com](http://www.policytrac.com)

- PolicyTrac® is a secure online business operating system dedicated to the secondary market for life insurance. PolicyTrac enables Life Settlement Brokers, Providers, Financing Entities and Servicing Companies to manage their day-to-day activities and communications via an efficient and securely hosted platform. It reshapes and redefines the way the life settlement industry conducts business, channeling activity in one centralized hub.

### Current Life Settlement Industry



### The PolicyTrac Advantage



- PolicyTrac is currently live with over 32 of the leading Life Settlement Providers.
- Provides instant secured delivery of case submission documents.
- Greater efficiency of operations.
- One system to handle the entire LS process - Sales, Underwriting, Provider Submissions, Negotiations & Closing.

# Contact



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[www.welcomefunds.com](http://www.welcomefunds.com)

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Kurt Gillhaus

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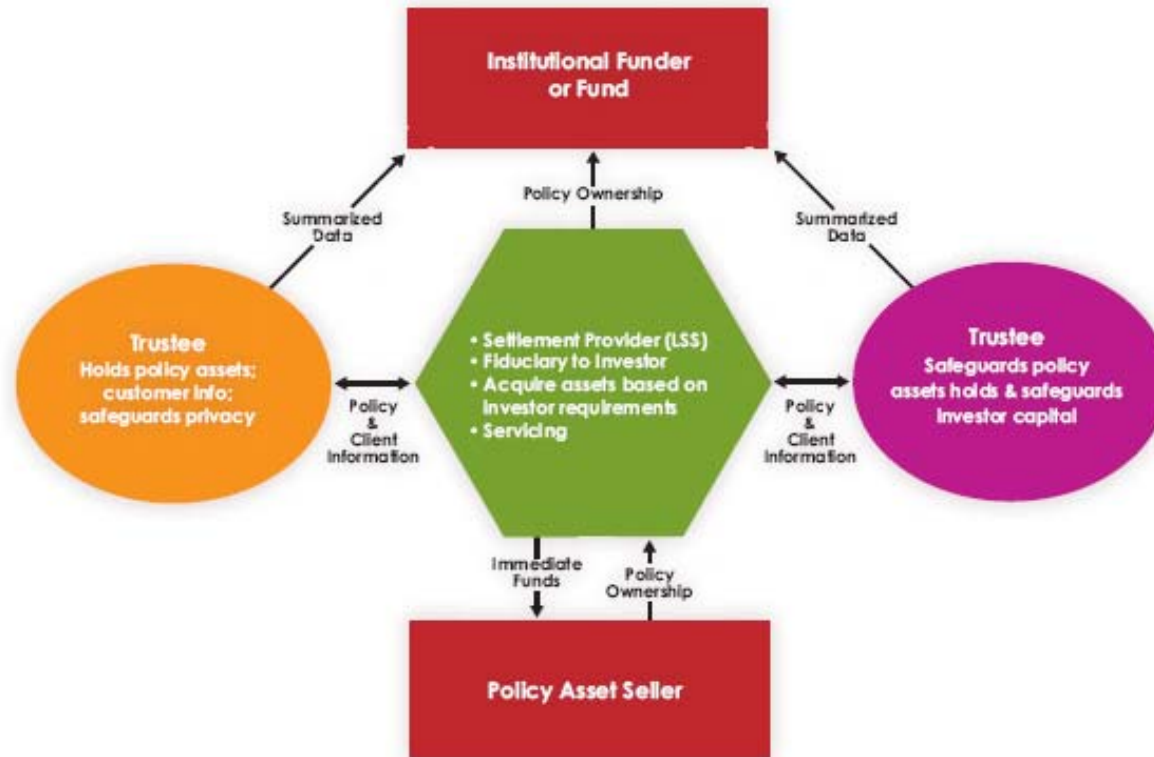


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# The Settlement Provider

- Licensed, regulated entity authorized to purchase life insurance policies in the secondary market
- Represents the institutional capital source as opposed to brokers/intermediaries who represent clients
- Large impact on the amount of capital raised for settlement purchase programs
- Sources, evaluates, issues pricing, negotiates, transacts and services policies
- Provides training and support services to distribution

# Institutional Framework



# Considerations for Distribution Entering the Industry

- Education & licensing requirements
- Assess capabilities, existing clientele, potential prospect sources and determine if you are capable of working directly with providers or if you need to work through an intermediary/broker
- Working with providers requires more work & infrastructure
- Working with experienced brokers requires less work & infrastructure on your part (note there will be a compensation allocation)

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# Increasing Regulations and Complexities for Capital

- Licensing requirements and regulations
- Origination expertise and ability to tailor purchase criteria via custom accounts
- Variety of asset characteristics in the market requires expertise to identify quality assets from risky assets
- Infrastructure and pricing experience
- Policy servicing and premium optimization



# Industry Forces

**LSAM**<sup>™</sup>  
Life Settlement Awareness Month

- More regulations → Difficult for capital to act as provider on their own
- Growing tertiary market
- Trend toward securitization market
- LE elongation
- Blurring lines between broker, funder and provider
- Expense pressures from capital sources reducing margins

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# The Future

- Capital markets continuing trend of a gradual loosening, providing increasing capital to market
- Buying opportunities for investors in specific market segments for foreseeable future
- Enhanced IRR's for short to medium term across the board; longer term for some specific segments
- Life expectancy underwriting changes will remain a factor for long term reduced pricing

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# Resources

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[www.lss-corp.com](http://www.lss-corp.com)

[www.lifesettlementawarenessmonth.com](http://www.lifesettlementawarenessmonth.com)

[www.lss.webce.com](http://www.lss.webce.com)

[www.lifesettlementsmarketwatch.com](http://www.lifesettlementsmarketwatch.com)

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