

Market Pick up continues in January

The promising indications we have seen by end of 2011 have continued in January 2012. Market activity has picked up across all market segments, secondary main market and tail markets as well as in the tertiary market.

The rebound of the *AAP Life Settlement Reference Rate* for the Main Market did not halt in January. The rate increased to a projected IRR of 22.2%, closed to its all time high of 22.6% in May 2012.

For the policies traded in the secondary market, the average age of the insured remained steadily over 80 years in the last few months. A clear reversal of the trend towards younger age we observed in mid 2011.

In the past twelve months the sec-

ondary and tertiary life settlement market showed an overlapping picture regarding its life expectancy estimates per age of insured. The chart indicates that

Seasoned policies had been in favor also for the past twelve months in the secondary market. Policies were on average in place for 5 years before they were sold on the market.

Most of the policies traded on the secondary market were originated by AXA Equitable Life Insurance Company, John Hancock Life Insurance Company and Lincoln National Life Insurance Company.

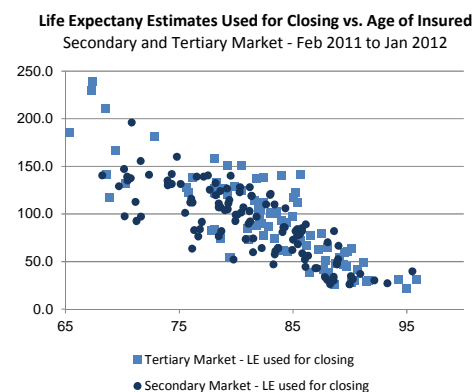
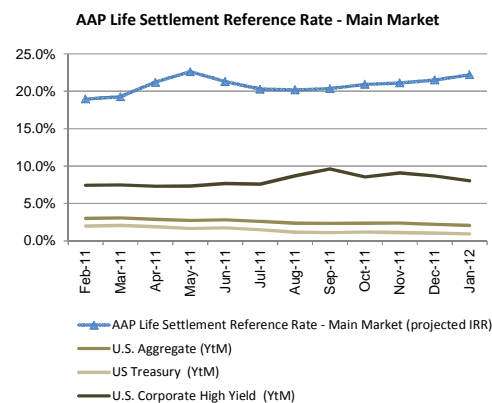
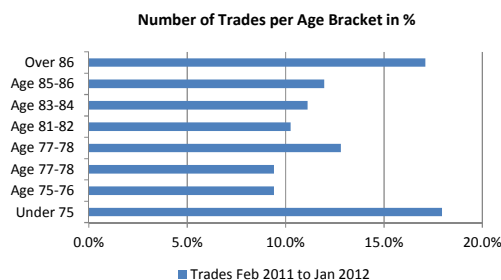


Chart of the month - Trades per Age

While there were large shifts in the average age of the insured traded in the secondary market from month to month, the twelve month view shows an even distribution of the number of trades per age bracket. The tail markets accounted for roughly 17% of the market trades, while each two year bracket accounted for 10% each on average.

Taking a closer look at the characteristics of the trades per age bracket, the data shows that policies of younger insured (<75 years) showed significantly higher average face values than the main market. The smallest policies were traded in the tail market „older ages“ (>86 years) with an average of USD 1.2 Mio per policy.



Data Sampling and Data Provider

All information referring to life settlement trades in this report are based on data AAP collected directly from licensed life settlement providers in the United States. The providers which contribute data for the report are (in alphabetical order):

- Legacy Benefits
- Life Equity
- The Lifeline Program
- LifeTrust
- Magna LS/Vida Capital
- Q Capital Strategies
- Settlement Group, Inc.
- SLG Life Settlements («dormant» Status)

Life Settlement Market Activity (mth. to mth.)

Market Segment	Prices	Volume
Secondary Market		
Main Market (Age 75-86)	➔	⬆
Tail Market (Age < 75)	➔	➔
Tail Market (Age > 86)	➔	⬆
Tertiary Market		
Tertiary Market All	➔	⬆
Total Market		
Sec. and Tert. Market	➔	⬆

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