

LIFE EXPECTANCY COMPARISON UPDATE

January 2013

RECENT EVENTS:

November 2011

- AVS made changes to their process, most notably for statin use.

December 2012

- MLA published LE Comparison study.

January 2013

- 21st Services announced that they would be making significant changes, effective immediately.
- MLA publishes updated LE Comparison Study reflecting the AVS and recent 21st changes.

OBJECTIVES

The objective of this report is to update the December, 2012 report on Life Expectancy (LE) reports of the three major underwriters, to reflect recently taken extensions in LE's. In doing so, two major changes in the past 15 months are addressed.

METHODOLOGY CHANGES

In November, 2011 AVS made changes to their processes, most notably for statin use. This had the effect of increasing the LE for statin users by approximately 4– 8 months. As only 50% of insureds are statin users, the average effect was smaller at 2 – 4 months.

In January 2013, 21st Services announced that they would be making much larger changes, effective immediately. More detailed information is not currently available other than is available on their website, but it appears that increases averaging 19% will be experienced.

SUMMARY LEVEL LE ANALYSIS

At a very high level of summary, LE's show encouraging convergence once the older AVS and all 21st Services LE's are adjusted. Where there was once a difference of opinion averaging 30 months, there is now a difference of opinion averaging 12 months. Chart 1.0 shows the 2009 – 2012 data from the original December 2012 report; based on actual LE reports. Chart 2.0 shows the same time period, but is based on adjusted AVS and 21st Services LE's.

Chart 1.0 -
3 Month Rolling Avg. LEs - No Adjustments

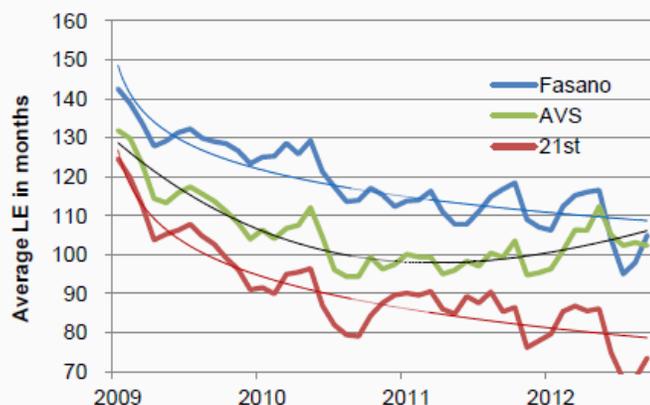
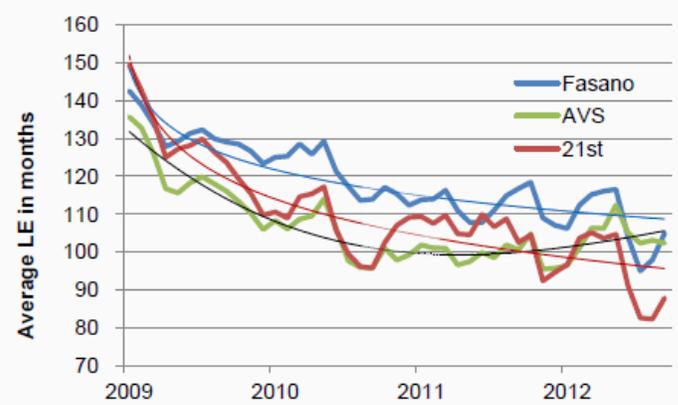


Chart 2.0 -
3 Month Rolling Avg. LEs - Adjusting for all known Extensions



For Further Information or to discuss these results, please contact:

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CONCLUSIONS

The differences of opinion are still larger than ideal. What would be best for the industry would be three underwriters with even smaller differences of opinion around an average LE that was indicative of a 100% actual/expected mortality ratio. Clearly, they are not there yet, but they appear to be closer this year than they were last year. This report will be updated as actual case data emerges.

ABOUT THE AUTHOR

This report is a summary of a study released by Maple Life Analytics, as part of a series of research papers based on Life Settlement underwriting. To view the full report, you can go to www.maplelifeanalytics.com/research.

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