



Securis Investment Partners LLP



A Shift From Mortality To Longevity (and much more!)

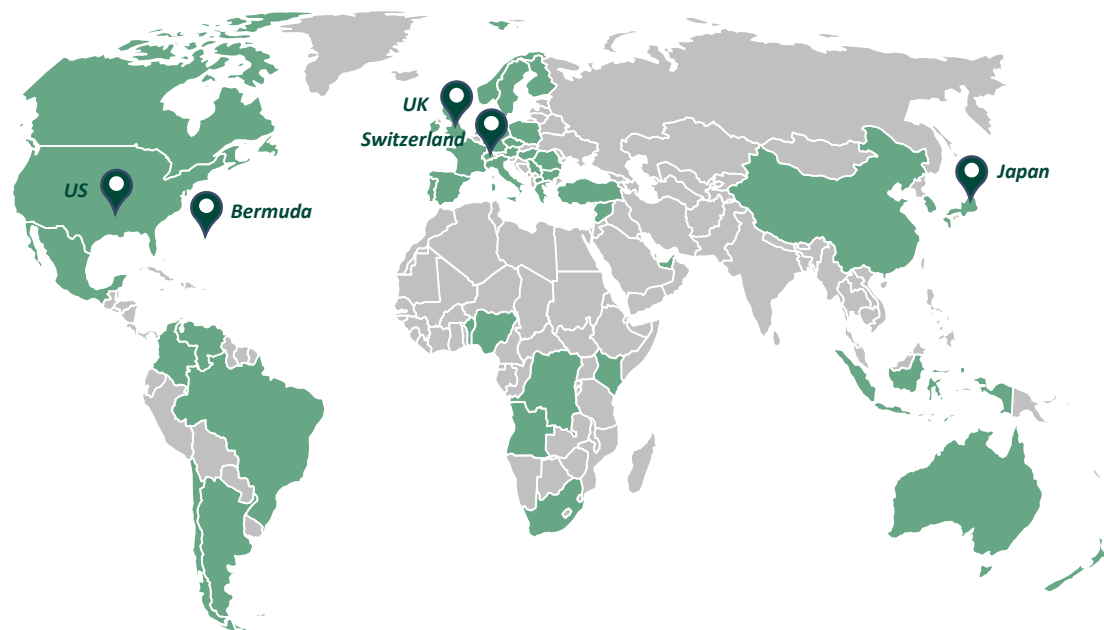
Presented by Luca Tres, ELSA Conference May 2019

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Securis Background

Who We Are

Founded in 2005, Securis is a London based **independent** ILS alternative investment fund manager, with established infrastructure and over a decade's experience.



USD 5.8bn¹ AuM player, global footprint

Large player in the Life ILS sector

First mover, 15 years ago

Focused on highly customized opportunities

Trackrecord of many 'firsts'

Specialists in private transactions

Structuring skills

Most transactions are tailor-made

Modelling skills

In-house actuarial skills

1. As at December 2018

Securis does not act as your advisor, hence we recommend you collect information independently, form your own view or have external advisors as you see fit. Past performance is no guarantee of future performance.

The Background

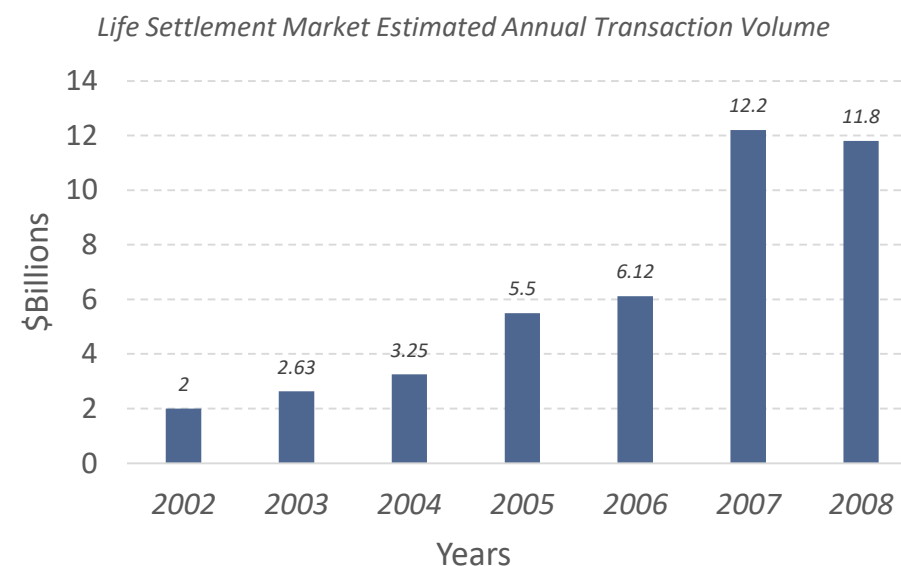
Where Everything Started

Embedded Value

Extreme mortality

Life Settlements

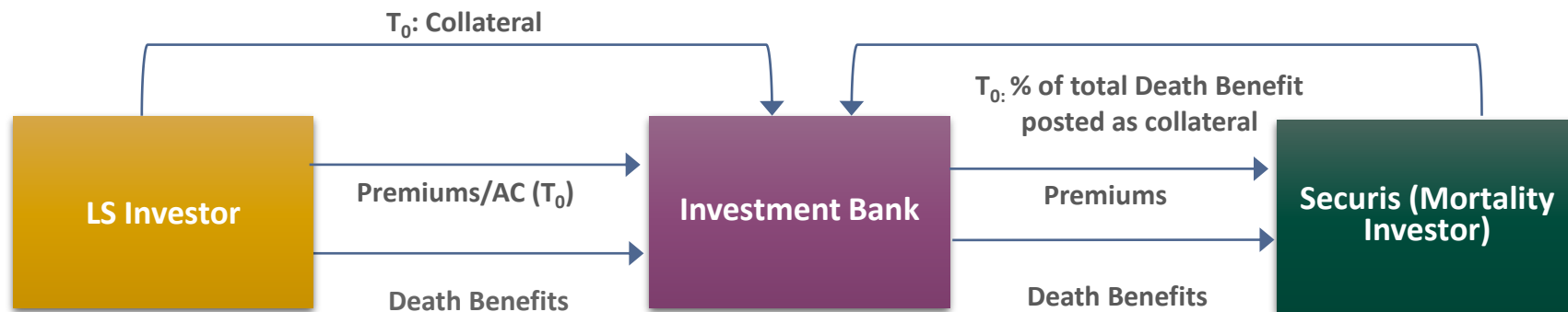
Issuer	Date	Amount (m)	Purpose
American Skandia	1996-98	\$900+	Liquidity / M&E Securitization
Hannover Re	1998-2002	€731	VIF Securitization
NPI	Apr 1998	£260	VIF Monetization
Prudential	Dec 2001	\$1,750	Closed Block Monetization
MONY	Apr 2002	\$300	Closed Block Monetization
Genworth I	Jul 2003	\$1,150	Reg XXX Financing
Forethought	Jun 2004	\$150	VIF Monetization
Barclays Life	Oct 2003	£400	VIF Monetization
Vita Capital	Dec 2003	£200	Extreme Mortality
Banner Life	Nov 2004	\$600	Reg XXX Financing
Genworth II	Dec 2004	\$850	Reg XXX Financing
Friends Provident	Dec 2004	£380	VIF Monetization



- Annual volumes of life settlement transactions grew rapidly from 2002 and are still growing...

Source: "Securitization of Life Insurance Assets and Liabilities" by Alex Cowley and J. Cummins, 2005, *Data Estimates by Conning Research & Consulting, Inc

The first of various Securis' 'firsts': shorting life settlements



Long Synthetic Position

- Shortage of appropriate physical policies relative to investor demand
- Synthetic swap provides a large diversified portfolio at once
- Swap contract removes various legal risks like contestability, COI risk, etc.

Reference Portfolio

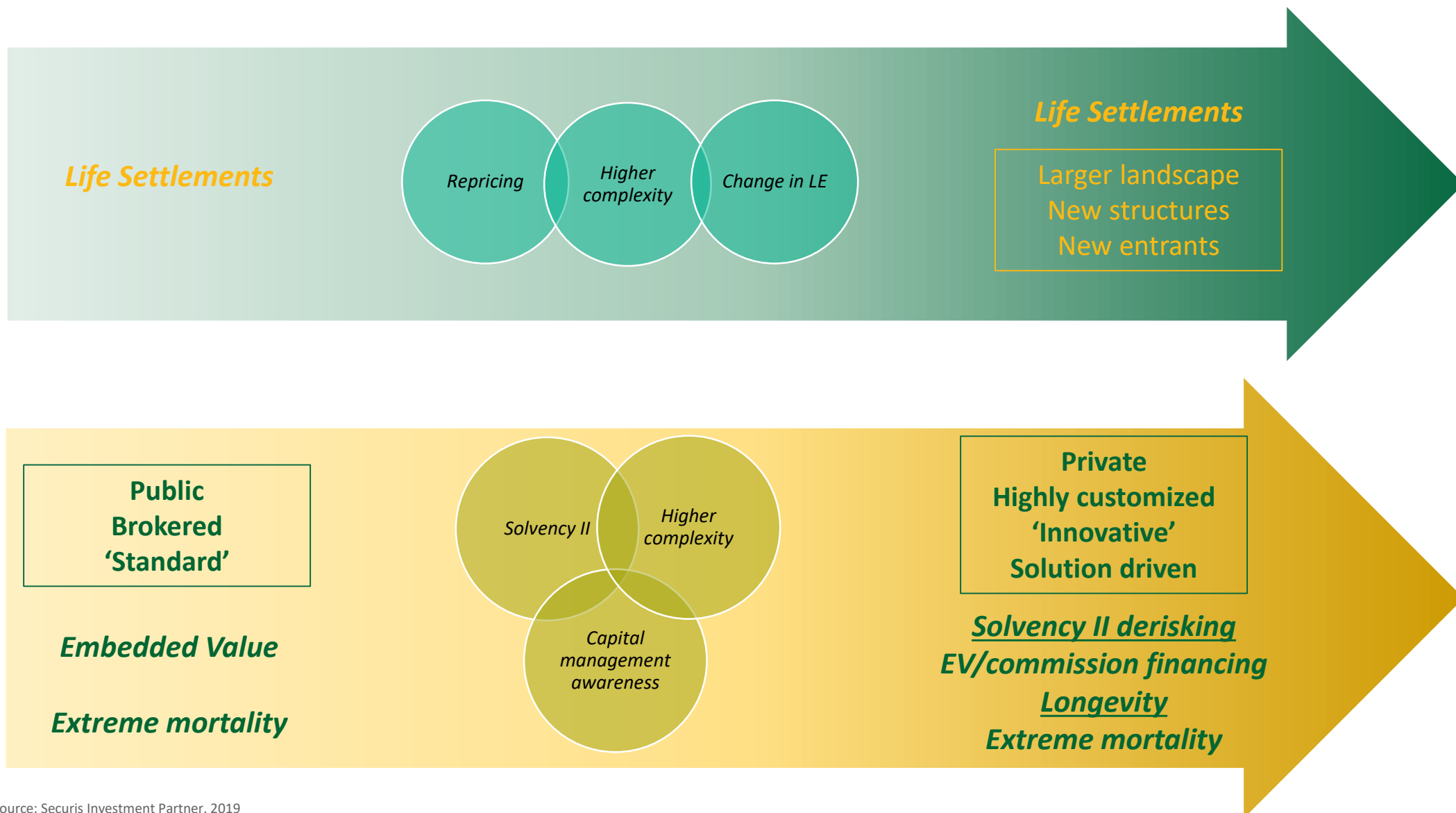
- Real Lives, but Synthetic Policies
- Bank acts as credit intermediary

Short Synthetic Position

- Economically take the role of a life insurer
- Receive 'premium' swap payments and pay 'death benefits'.
- Collateralise obligations with initial and variation margin

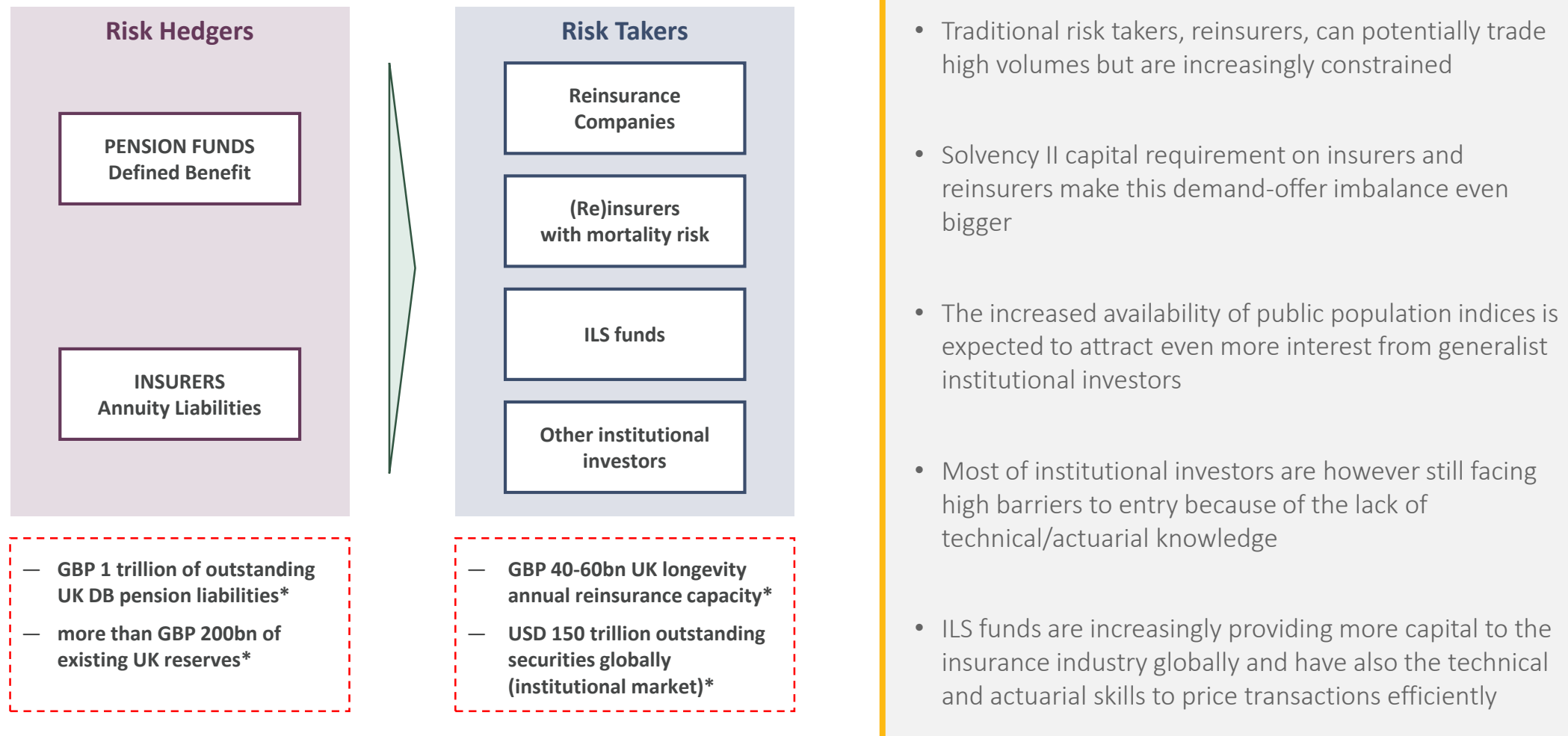
A changing environment

The Shift



Source: Securis Investment Partner, 2019

The new Challenge Longevity



* LLMA estimates and Collinge, Lu, Magnitude of the Longevity Issue: The Market Opportunity and Capacity, Longevity Risk, Emma McWilliam, 2011 - Prudent value for Compulsory Purchase Annuities, gross of reinsurance, by Miliman consultants from FSA returns — BIS data, Securis 2019

✓ Solution driven approach

✓ Source of alternative capital to the insurance and reinsurance Sector

✓ Regulatory capital solutions

✓ New risk and shift from mortality to longevity

✓ Bespoke Life Settlement Investments & Solutions

⊘ Financing to levered asset players

⊘ Correlated credit and equity play

⊘ Generalist investment segment

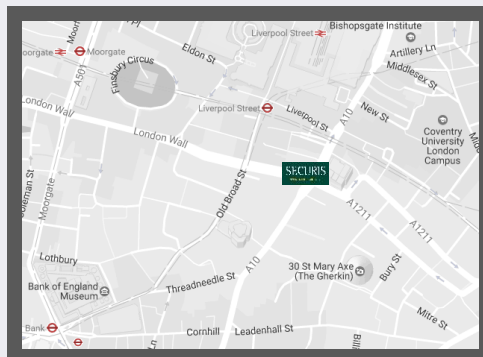
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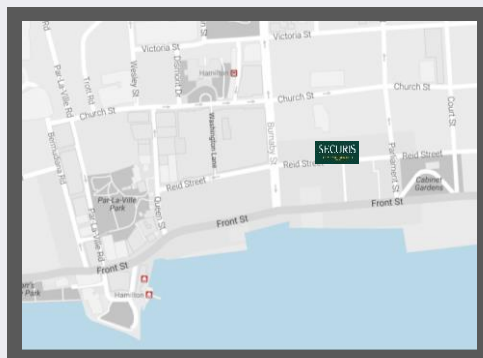
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