



# Best Practise Standards – What Are They and What Impact Are They Having on Behaviour and Product Design?

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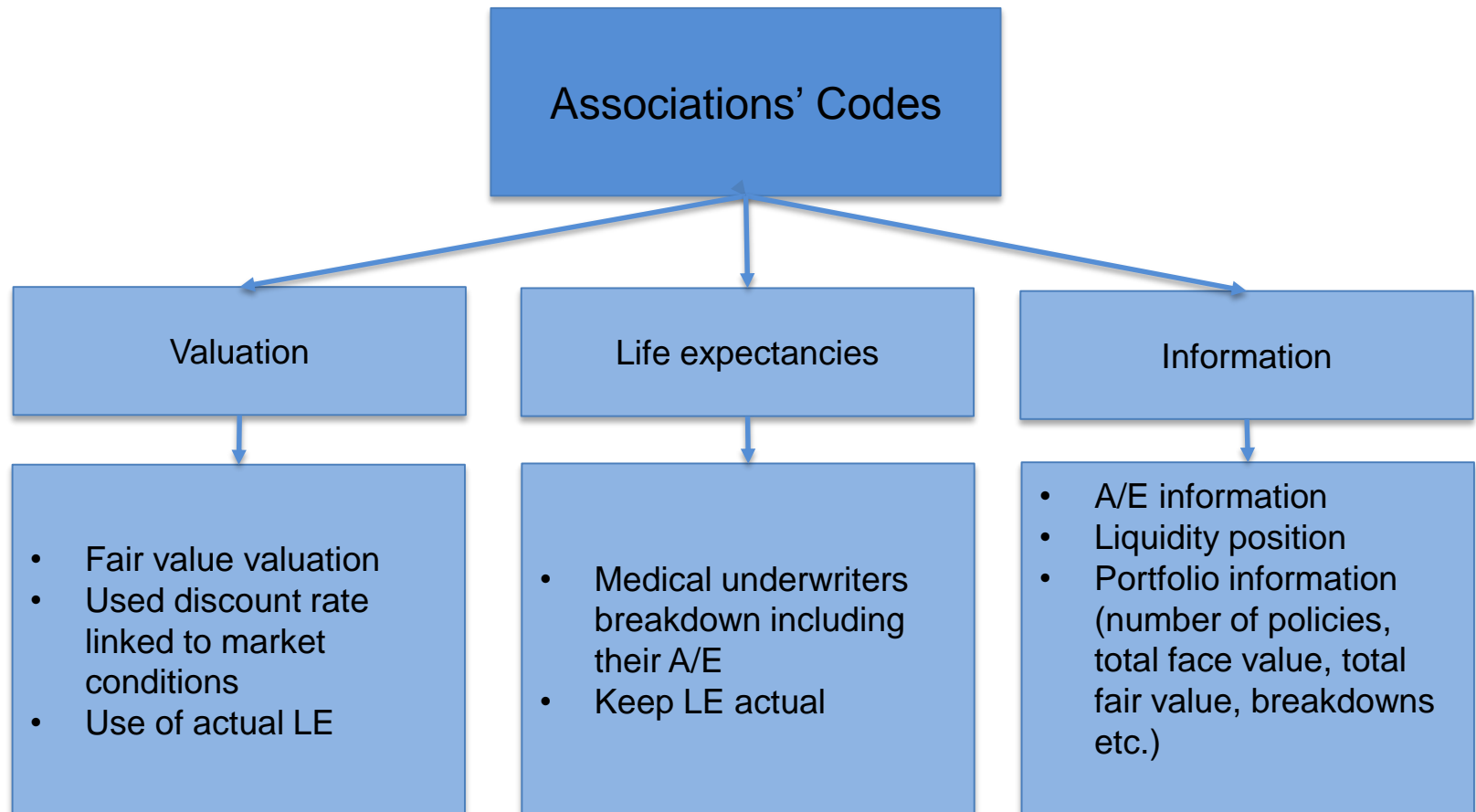


# Code of practise/best practises – what are they?

- From an investors perspective it's of imperial importance that ..
  - ..the value of assets is as close as possible to a 'fair value'.
    - If this is not met there is a cascade of problems (investors are not treated equally, misrepresentation, eventually fraud, headlines and so forth).
  - ..that all relevant information regarding an investment is available.
    - Leads to similar problems as under first point if it is not met.
  - ..that there are 'checks' in place for an investor can trust the available information.
    - Depository banks, administrators and auditors all have certain 'control functions'.
  
- BVZL and ELSA are life settlement investors' associations:
  - The CoP/Best Practises represent a set of 'rules' with the intention to protect the investors.
  - The standards as a whole describe the necessary rules for life settlements can be invested in as into another asset class.



# Code of practise/best practises – what are they?





# Annex



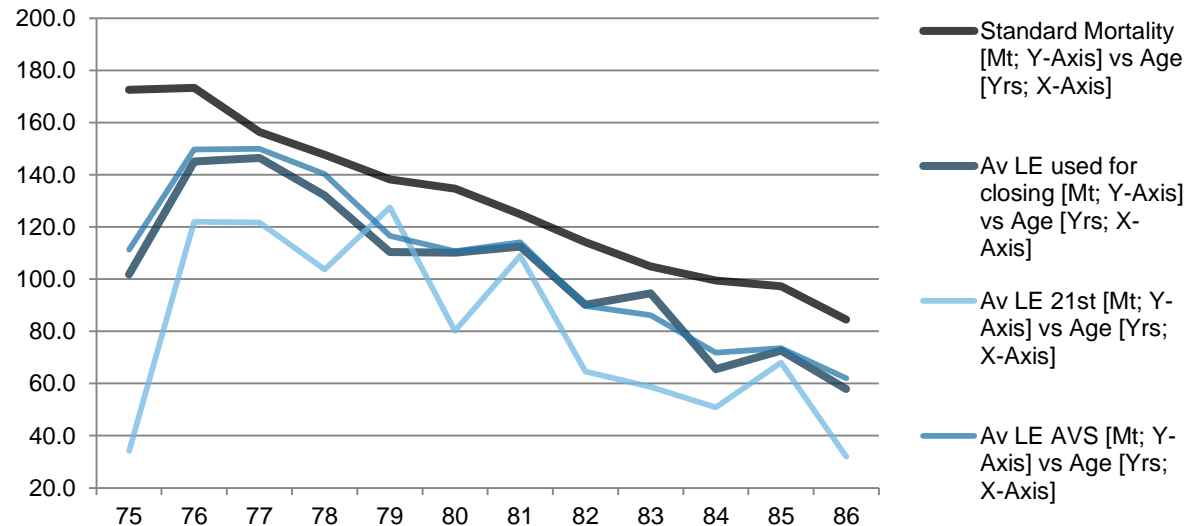
# Level of projected IRR

## What is the real return which can be expected from an investment in life settlements?

- Medical underwriting of the medical underwriters is consistently on clearly distinct levels, and consequently also the respective projected IRR.
- Consequently the used discount factor for valuation purposes must relate to the used medical underwriter(s).

### Projected IRR\*:

- AVS:
  - Average: 21.5%
  - Median: 17.4%
- LE used for closing:
  - Average: 24.4%
  - Median: 21.0 %
- 21<sup>st</sup> Services:
  - Average: 41.7%
  - Median: 30.6%



\*Source: AAP life settlement transaction data; secondary main market, August 2013 to July 2014; all trades where all three LE are available.