

Minutes of the 32nd (Virtual) General Meeting of Members on 15 April 2016

Presence:

Full members

Christian Seidl (CS)	Life Bond Holding GmbH & Co KG
Daniela Paul (DP)	Life Bond Holding GmbH & Co KG
Ingo Wichelhaus (IW)	West Life Markets GmbH & Co. KG
Uwe Jablonka (UJ)	North Group, LLC/North Channel Bank GmbH & Co KG
Adam Meltzer (AM)	Vida Capital

Sustaining members

Wilfried van der Post (WvP)	UniCredit Bank AG
Anna Bailey (AB)	RiverRock Trust LLC

PR Agency

Lothar Trummer (LT)	Consultancy GmbH
Manuela Praxl-Langer (MPL)	Consultancy GmbH

Minute taker

Location	Manuela Praxl-Langer
Form	BVZL Office, Prinzregentenstr. 54, D-80538 Munich telephone conference

Agenda

1. **Welcome and Agenda**
2. **Report of Activities since 2015 Members' Meeting**
 - a. New Members
 - b. Withdrawal of Members
 - c. *Cash Audit 2015*
3. **Budget**
 - a. *Budget 2016 – Current*
 - b. Forecast 2016
4. **Short update on the different sections of BVZL**
(Market Update, New Development / Trends / Projects)
 - a) German Market
 - b) UK Market
 - c) US Market
 - d) Legal and Tax
 - e) Communications and Politics
4. **Current Projects/Strategy**
5. **Miscellaneous and next meeting**

1.) **Welcome and Agenda**

- IW welcomes everyone and opens the meeting; IW is elected by members as chair of the meeting.
- The invitation along with the agenda was distributed in time, on 22 March 2016. No further agenda points have been suggested and there have been no remarks/objections regarding the minutes of the last (31st) members' meeting.
- Five of 12 full members are present, i.e. the quorum of 25% has been established.
- **Report of activities since last members' meeting**
- IW presents RV Funding GmbH as new member of the BVZL (German Section) and announces that Policy Administration Services have canceled their membership due to a withdrawal from the business segment.
- CS says that the 2015 cash audit has been performed and no objections have been made; the audit is approved by members and the executive board is discharged for the year 2015.

2.) **Budget 2015/2016**

- All members have been e-mailed copies of the 2015 and 2016 budget.
- CS explains the current budget plan and points out all relevant changes to 2015 (cf. attachment). A major change consists in increased administration costs (a raise from a monthly 2,500 € to 3,000 €); in turn, monthly PR and marketing costs for Consultancy have been lowered from 2,250 € to 1,750 €
- A provision of 2,500 € has been established for a US section project in 2016 (promotion of US life settlement investments or update of BVZL Best Practices); this is to be discussed among members.
- There are no questions or objections by members.

3.) **Short update on the different sections of BVZL**

a.) German section

- IW reports about a slight recovery after restructuring of the German secondary market. Current developments show that many insured have doubts about insurers' ability to meet guarantee payments.
- IW says that the major reason for canceling an insurance policy is "doubts about insurers' financial stability", not "individual liquidity shortages".

- Guaranteed interest rates decreased to 1.25% in 2015 und are expected to fall even further in 2016. Insurance companies are enjoying special treatment under Solvency II rules. It is being discussed in politics whether 100% of the cash surrender value will be safe in case of an insurer's insolvency.
- Insurers have changed surplus allocation in order to retain capital gains.
- Most rating agencies such as Fitch retain a neutral position ("German insurers are capable of distributing guaranteed payments until 2026, at least current investment returns of 3.6%").
- IW adds that dubious market participants have mostly been eliminated, but there are still a few "black sheep" on the market
- IW summarizes that there is still high potential for policy purchasers
- The secondary market is very well known and a company's membership of the BVZL is regarded as a quality seal
- Current demand for policies exceeds supply

b.) UK Market

No update

c.) US Market

- CS introduces Adam Meltzer as new co-head of the US section (appointed in the US section call on 1 April 2016).
- Adam refers to the news that Legacy have withdrawn from the business.
- Trade volumes on the US secondary and tertiary market experience a slight upwards trend. On the US secondary market more and more smaller-sized policies are being traded, purchase prices are rising.
- AM adds that momentarily and due to the high demand, LE providers are lagging behind with the issue of LEs; especially for large portfolios this is a problem and is impacting pricing.
- Talks about the US life settlement industry are being dominated by debates about COI increases implemented by various insurers as well as reactions/initiatives of trade associations. CS reports that there are already class action suits against individual insurers.
- CS says that on the part of German investors there is still little interest in US life settlement investments, despite the ongoing low-interest environment. There are a few well-off private investors looking into the asset class, however there is not yet broad interest by institutional investors such as pension funds (unlike in other European countries or the US)

d.) Legal and Tax
No update

4.) Current projects

- LT reports about the current status of BVZL/ELSA summit planning (date: 26 September 2016 in Munich)
- Negotiations about the location as well as accommodation possibilities for attendees have been started
- LT will provide BVZL members with a „save the date“as soon as possible
- LT is also working on a press release on developments on the German secondary life insurance market
- LT asks members to provide him with any relevant information to be included in the newsletter

- **Miscellaneous and next meeting of members**
- There are no further comments
- IW thanks everyone for attending and closes the meeting.

Date of next meeting: 27 September 2016 in Munich (tba)

Munich, 15 April 2016



(board member Ingo Wichelhaus)



(board member Christian Seidl)