

Minutes of the 34th (virtual) members' meeting dated April 4, 2017

Participants:

Executive Board

Ingo Wichelhaus (IW)	BVZL board member/German affairs
Christian Seidl (CS)	BVZL board member/International affairs

Full members

Jens Hoffmann (JH)	Life Bond Holding GmbH & Co KG
Ingo Wichelhaus (IW)	West Life Markets GmbH & Co. KG
Dieter Lezius (DL)	North Channel Bank GmbH & Co KG/NorthStar Services LLC
Andreas Grund (AG)	North Channel Bank GmbH & Co KG/NorthStar Services LLC
Thomas Wodrich (TW)	Partner in Life S.A.
Dr. Marcus Simon (MS)	Winner AG
Adam Meltzer (AM)	Vida Capital Inc.
Conrad Irlbeck (CI)	WealthCap GmbH
Dr. Robert Wenninger (RW)	WTW Weidinger Thiele Wenninger
Andreas Schüler (AS)	Cumerius (CFI Fairpay)

Sustaining members

Peter Jäderberg (PJ)	Jäderberg & Cie. GmbH
Holger Barnstorf (HB)	MPC Capital Fund Management GmbH
Jerome Röschke (JR)	MPC Capital Fund Management GmbH
Anna M. Bailey (AB)	RiverRock Trust LLC
Wilfried van der Post (WvP)	UniCredit Bank AG
Sascha Jahns (SJ)	UniCredit Bank AG

PR Agency

Inga Oldewurtel (IO)	PR.IO – PR and Marketing
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Minute taker

Brigitte Wenzel (BW)	
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Location

	BVZL Office, Prinzregentenstr. 54, D-80538 Munich/Germany
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Type

	Telephone conference
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1. Welcome/Agenda

2. Report of Activities since the 33rd Members' Meeting and Withdrawals

- a. *New Members*
- b. *Withdrawal of Members*
- c. *Cash Audit*

3. Budget

- a. *Final Budget 2016*
- b. *Forecast 2017*

4. Short update on the different sections of BVZL

(Market Update, Trends, Projects)

- a) *German Market*
- b) *US Market*
- c) *International*
- d) *Legal and Tax*
- e) *Communications and Politics*

4. Current Projects/Strategy

5. Miscellaneous and next meeting

1.) Welcome/Agenda

- After a general welcome by IW and CS, the members appoint IW as the chair of the 34th virtual members' meeting held via telephone conference.
- IW states that the invitation for the members' meeting was sent to members on March 6, 2017, i.e. in time and under adherence to the deadline as per the statutes.
- 9 of 12 full members are present, thus the quorum of 25% is met and resolutions can be passed.
- IW asks participants whether or not they want to propose any additional agenda points or have requests for amendments. Both points are negated.
- IW asks whether there are any objections or requests for changes to the minutes of the 33rd members' meeting dated September 27, 2016. Since there are none, the minutes are passed.
- IW presents IO as the new freelance PR and communications agent for BVZL and BW as the new freelance staff member who will be in charge of the BVZL's administrative tasks.

2.) **Report of Activities since the 33rd Members' Meeting and Withdrawals**

- CS reports that since the last meeting no new members have been admitted and there have been no withdrawals, thus the member count remains unchanged.
- Due to the personal changes at Life Bond Management GmbH (LBM), i.e. the departure of Daniela Paul as well as CS, who has started his own consultancy business, as well as a reduction of office space, LBM is no longer able to provide the BVZL with the services as per the agreement of August 1, 2016 for office space and administration. Since CS - within the scope of his duties at LBM - had been supervising the services provided to BVZL by LBM, CS offered to provide the same range of services, i.e. office space and administration, through his new consulting firm Seidl Consult GmbH, under the exact same terms and conditions. Office space for performing the BVZL's administration tasks will be provided at the premises of Seidl Consult GmbH. Furthermore, Seidl Consult GmbH will employ Ms. Brigitte Wenzel (www.executive-assistants.de) as a freelance assistant as from April 1, 2017. BW will be taking care of the administrative and secretarial work on behalf of the BVZL. This approach was already proposed and approved at the BVZL's board meeting dated January 27, 2017. IW reaffirms his approval of this step and expresses his gratitude to CS for the quick and unbureaucratic support at a time when the administrative services for the BVZL could no longer be provided by NBB and later Consultancy. The legal aspects of the new service agreement between BVZL and Seidl Consult GmbH have been reviewed and approved by RW.

3.) **Budget**

- All members of BVZL were e-mailed copies of the final 2016 budget as well as the current 2017 budget/forecast prior to the meeting.
- With regard to the 2016 budget plan, which was also presented to members at the 33rd meeting in September 2016, CS reports that costs in the remaining months of 2016 largely developed as forecasted. Due to the great success of the 2016 summit, which yielded a higher income than expected, the 2016 overall result was significantly above the forecasted amount. There are no questions or objections from members with regard to the final 2016 budget.
- CS presents the current planning and forecasts for the year 2017. On the income side, the forecast has been adjusted according to the unchanged member count. At the same time, the forecasted income from the 2017 summit has been raised to reflect the current status of the planning. On the cost side, the current forecast takes into account potential cost savings in the area of regular PR and marketing expenses. The budget provision for a relaunch of the BVZL website and related marketing activities remains unchanged at EUR 10,000. CS summarizes that 2017 is likely to close with a positive result, even if the member count stays on the current level throughout the second half year. There are no questions on the 2017 budget/forecast.

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

a.) German market

- IW states that 2016 was quite a promising year. The purchase volume could be almost doubled on the previous year, from EUR 175m to EUR 275m.
- IW interprets this as a clear sign that the life settlement market is set again in a positive environment, and does not rule out the possibility that a target volume of EUR 500m can be achieved in the coming years.
- IW adds that the German life settlement market is now almost completely free of "Black sheep", but there are still a few dubious market players.

In summary, IW states that life insurance carriers are currently capable of meeting their payment guarantees for in-stock policies, due to the additional provision to the premium reserve introduced in response to the low interest rate environment.

- There continues to be a high potential for policies to be acquired.
- IW adds that the secondary life insurance market is widely known by now and that membership of the BVZL is regarded as an important and well-known quality seal, both by consumers and consumer protection agencies as well as associations, opinion makers/the media and politicians.

The next meeting of the BVZL's German section will be held as a telephone conference on May 10, 2017 at 4 pm CET. Invitations have already been provided to members.

b.) US market

- AM reports that trade volumes on the US secondary and tertiary markets show a slight upwards trend. The secondary market is increasingly seeing smaller-volume policy trades, which is causing higher prices. On the tertiary market there have been large trades recently, e.g. the sale of the first tranche of the AIG portfolio (USD 4.5bn in face value) to Blackstone. Besides, an initial sub-portfolio of Deutsche Bank was offered via a Houlihan Lokey auction, however the transaction could not be completed.
- With regard to the issue of CoI increases, of which above all policies of Transamerica/Lincoln/AXA have been affected, AM reports that there are now 13 pending lawsuits at US courts.
- Achievable purchase returns are currently at a two-digit level.
- Overall, AM sees a decline in average policy sizes in transactions, a fact he relates to the higher number of smaller policies traded via "direct-to-consumer marketing" approaches on the secondary market for life insurance.
- CS adds that in Germany the interest of investors in US life settlement investments remains limited, despite the ongoing low-interest environment. In Switzerland and some Northern European countries, however, especially institutional investors are showing increasing interest.

c.) International Market
n/a

d.) Legal and Tax

- RW reports that so far there has not been a statement or response with regard to the complaint submitted to the EU Commission.

e.) Communications and Politics

CS refers to his comments at the beginning about the change in responsibilities concerning PR and communication at BVZL and to further details being reported within the next topic of the agenda.

5.) Status report on current projects

- CS once again welcomes IO, the new responsible PR and communications agent for BVZL since early 2017. One of her first projects on behalf of the BVZL will be to coordinate the relaunch of the BVZL website. This is a necessary step given that the webpage is 10 years old, very much outdated from a technical point of view, and thus difficult to handle. Besides, part of the content needs updating. The goal behind a relaunch is to create an attractive, modern and easy-to-handle new website for the association. In this context, the BVZL will cooperate with Ms. Karin Reheis (Webdesign Icking). Prior to the members' meeting, members received a link to a "dummy website" to give them an impression of the website's new "look and feel". Besides, it is planned to provide members with a regular (e.g. weekly) newsletter in BVZL design, with the latest news on the various secondary and tertiary markets for life insurance. The scope of services provided by press monitoring service Meltwater has already been adjusted accordingly.
- TW suggests that BVZL members should be given another opportunity to look at the new website before it goes live. He also proposes that all BVZL members be provided with a contact list containing the details of all members and staff members of the BVZL. CS and IW agree to prepare such a list and distribute it in a separate e-mail after the minutes are sent.
- In the following, CS gives an update on the current merger discussions with ELSA. He says that he is in close contact with Alec Taylor, who has just been reappointed as chairman. CS hopes for a quick resumption of the merger talks, which had to be postponed last year due to restructuring measures within ELSA. With regard to the core issues to be negotiated with ELSA, CS says that
 - the statutes/by-laws of both BVZL and ELSA need to be harmonized, as well as the existing "Best Practices" (BVZL) and the "ELSA Code of Conduct".
 - The structure of a potential combined association is also being debated: While the BVZL has a relatively lean organizational structure (with an advisory board, executive board and the members' meetings), ELSA -

beside its chair - has a very diversified executive board structure as well as additional "committees" for various matters and subjects.

- CS says that the further use of the name "BVZL" as well as the external appearance (logo, etc.) on the German secondary market is non-negotiable and that the "quality seal" BVZL is to be preserved even after a merger.
- CS says that it has become clear from the discussions with ELSA so far that the merged association should be headquartered in Germany/Munich, and the BVZL's existing infrastructure and administration should be used.
- CS and IW assure members that they will provide them with the details of the ongoing merger talks and results.

6.) Miscellaneous and next members' meeting

- There are no further comments.
- IW closes the meeting and refers to the date of the next BVZL/ELSA International Life Settlement Conference, which will be held in London at the premises of Ernst & Young at Canary Wharf on September 12, 2017, 9 a.m. (GMT). ELSA will be taking care of organizing the event and is currently working on drafting the agenda and recruiting speakers. Any suggestions on the agenda, which members should send to CS via e-mail, are very much appreciated. An important point, however, is for ELSA to bear in mind the budget.
- CS says that the 35th members' meeting of BVZL is scheduled for the day after the summit, i.e. September 13, 2017, at the same location (Ernst & Young). The start will probably be 10 a.m. London time. The invitation, agenda and all required documents will be provided to members in due time.
- CS informs the members that the BVZL - just as every year - has a reservation for the Munich Oktoberfest (Stiftl tent) for Monday, September 25, 2017. Since the summit (and the evening event) are taking place in London this year, the Oktoberfest reservation is not required. The BVZL will therefore pass on the reservation to a third party at cost price. Should members be interested in taking over the reservation, they should let CS know as soon as possible. Else, the reservation will be offered on the free market.

IW and CS thank participants for their attention and close the meeting.

Munich, April 2017



(sgd. Board Member Ingo Wichelhaus)



(sgd. Board Member Christian Seidl)