

## Minutes

of the 25<sup>th</sup> General Meeting of Members in Munich on September 24, 2012

**Chairmen of the Meeting:** **Christian Seidl (BVZL Executive Board)**  
**Ingo Wichelhaus (BVZL Executive Board)**

**Minutes were recorded by:** **Blanka Stricevic**

### Attendees:

#### BVZL Executive Board:

Christian Seidl  
 Ingo Wichelhaus

Life Bond Management GmbH  
 West Life Markets GmbH

#### BVZL Advisory Board:

Ifa Ulm

Prof. Dr. Jochen Ruß

#### Full Members:

Johann Kirchmair  
 Michael Duben  
 Dr. Nikolaus Seitz  
 Andreas Graf von Rittberg  
 Michael G. Hoesch  
 Uwe Jablonka

AVD  
 AVD  
 AVD  
 BVT Life Bond Management GmbH  
 Life Bond Holding GmbH & Co. KG  
 North Channel Bank GmbH & Co. KG /  
 North Group, LLC  
 WealthCap GmbH  
 West Life Markets GmbH

Alexander von Mengersen  
 Ingo Wichelhaus

#### Sustaining Members:

Kurt Gearhart  
 Bill DeCinque  
 Peter Jäderberg  
 Anna M. Bailey  
 Thorsten Franke  
 Leopold Zahneisen  
 Nate Evans  
 Holger Barnstorf  
 Andreas Achatz  
 Dirk Strontschak  
 Wilfried van der Post  
 Sascha Jahns

21st Services, LLC  
 Fasano Associates  
 Jäderberg & Cie. GmbH  
 LifebondXchange S.A.  
 LifebondXchange S.A.  
 LifebondXchange S.A.  
 MLF LexServ, LP  
 MPC Capital Fund Management GmbH  
 MPC Capital Fund Management GmbH  
 SL Investment Management Limited  
 UniCredit Bank AG  
 UniCredit Bank AG

#### PR Agency:

Bernd Nobis  
 Blanka Stricevic  
 Lothar Trummer

NBB Kommunikation GmbH  
 NBB Kommunikation GmbH  
 ConsulTancy GmbH

**Place:** ADAC Südbayern e.V. (Inner courtyard)  
Conference room E05  
Ridlerstrasse 35 (base floor)  
80339 Munich

**Time:** 13:00 – 17:00 hrs.

**Agenda:**

- TOP 1: Welcome and Agenda (Executive Board)
- TOP 2: Activities since last Meeting and Termination of Membership (Executive Board)
- TOP 3: Short Reports on the diverse Markets (Heads of Units)
- TOP 4: Briefing on the Advisory Board and Strategy Meeting 2012 / Formulation of a general Strategy / Measures and Decisions (Executive Board)
- TOP 5: Budget
- TOP 6: Miscellaneous and Next Meeting

## **TOP 1: Welcome and Agenda (Executive Board)**

- Welcome of the present representatives from 14 BVZL member companies by the Executive Board (Ingo Wichelhaus, Christian Seidl)
- Ingo Wichelhaus informs the attendees that the agenda was mailed out to the members in due time together with the invitation. No objections or amendments to the agenda were made.
- Mr. Wichelhaus states that the Meeting of Members has a quorum. 6 of the voting members were present.
- The attendees did not raise any objections or voice any comments regarding the Minutes of the 24<sup>th</sup> General Meeting of Members (hereinafter: MV) dated March 5, 2012.

## **TOP 2: Activities since last Meeting and Termination of Membership (Executive Board)**

### 2a) New Members:

The General Meeting of Members is pleased to welcome the following new sustaining members of BVZL:

- **Fortress Investment Group**

*Fortress Investment Group LLC (NYSE: "FIG") is a leading global investment manager with approximately \$47.8 billion of assets under management as of June 30, 2012.*

*Fortress offers a range of alternative and traditional investment strategies for institutional and private investors around the world.*

*Founded in 1998, the Company seeks to provide its investors with risk-adjusted returns in a management structure that closely aligns the interests of investors and managers. Fortress has continued to evolve from a dedicated private equity investment firm to a diversified asset management company.*

- **LifebondXchange S.A.**

*LifebondXchange is an independent enterprise founded in April 2012 focussing entirely on the development of a functioning tertiary market for U.S. Life Settlements. Its goal is to facilitate the purchase, sale and the administration of U.S. life settlements in a controlled environment. LifebondXchange is a European initiative.*

### 2b) Termination of Membership:

- City Endowments Limited (Richard Ashken) as of June 30, 2012

### **TOP 3: Short Reports on the diverse Markets (Heads of Units)**

#### **German Secondary Market (Ingo Wichelhaus)**

- The last meeting of the business unit Germany took place in Frankfurt am Main in May 2012.
- Update on the Market Situation:
  - Despite the existing demand for German policies, there is not much trading activity on the market. The topic 'Indicate valuation reserves in the surrender value' complicates the evaluation during the purchase of policies.
  - The next amended version of the Insurance Supervision Act (VAG) shall contain a regulation (§130 VAG) according to which the majority of valuation reserves may be allocated to fixed-interest transactions.
  - It is not clear when precisely this amended VAG version with the planned additional reserve is coming into force → According to the news, the implementation is scheduled for Dec 21, 2012
- Topic 'Pseudo Secondary Market':
  - The communication regarding the 'pseudo secondary market' remains a central topic since it still continues to threaten and to cause damage to the image of the (serious) secondary market
  - There are business models ranging from very dubious to prohibited by BaFin (forbidden deposit banking)
  - The BVZL continues its fight against this 'pseudo secondary market'. The BVZL membership has established its reputation as a 'seal of quality' on the market
  - The goal is to continue to provide the consumers with education and information about 'unserious companies and business practices'.
- The next business unit meeting is scheduled for November 7, 2012 at Policen Direkt in Frankfurt am Main.
- The attending members did not voice any more questions/comments regarding the German Secondary Market.

#### **UK Market (Dirk Strontschak)**

- Dirk Strontschak (SL Investment Management Limited) gave a short briefing on the current development of the secondary market for life insurance in the UK (Presentation: Attachment 1)
- The attending members did not voice any more questions/comments regarding the UK Secondary Market.

#### **U.S. Market (Christian Seidl)**

- Hesitant investment activities on the secondary market, despite
  - the generally strong interest in 'uncorrelated' alternative investments

- the chance to achieve high initial returns
- conservative life expectancy evaluations
- Nowadays the activities concentrate on the tertiary market: the trade volume in 2011 totaled to approx. 4 billion USD
- Consolidation / shrinking life settlement industry
- The press coverage in the U.S, UK and Germany is predominantly negative
- IRR trends:
  - 14-16% on secondary market
  - 18-22% on tertiary market
- Goals for 2013:
  - Focus on lobby work in view of EU wide regulatory efforts for investment products (Brussels)
  - Ongoing support for transparency and best-practice initiatives → Goal: Transparency, Best practices, standardization and better reputation of the asset class
  - Continue to provide information for investors, consumers, press, politics
  - Internationalization of press work: Focus and increased presence between markets (also country representatives), on geographic markets with currently growing U.S. life settlement activities (e.g. UK). This includes also that in future the BVZL public presence will be solely in English in conjunction with international secondary markets for life insurances and the internationalization of press work
  - For other details see also TOP 4
- The attending members did not voice any more questions/comments regarding the U.S. Secondary Market.

### **Legal and Tax**

- Since there are no specific issues or open questions requiring clarification, no manager from this area was present.

### **Communication and Politics (Lothar Trummer)**

Planned topics for the press work in 2012:

- Project plan: See Attachment 2

Planned topics for the press work in 2013:

- Internationalization of the press work: New service provider for the BVZL media monitoring: Transition from Infopaq to Meltwater News (International press and media monitoring service provider) → for further details, see TOP 4

- 'BVZL Summit 2013' (new format) → for further details, see TOP 4
- Press talk: for further details, see TOP 4

**TOP 4: Report on the Advisory Board and Strategy Meeting 2012 / Formulation of a general Strategy / Measures and Decisions (Executive Board)**

- The Executive Board briefed on the results of the last Advisory Board and Strategy Meeting on July 26, 2012

a. (European) Internationalization

Goals:

1. Strengthen the international public image
  2. Improvement of international presence and lobbying
  3. Establish BVZL-International as the European business platform for 'International Secondary Markets for Life Insurance'
- Stronger differentiation of the Association's work regarding the national vs. international secondary markets for life insurance
  - Implement English as the official Association language for all international topics/issues
  - International press work and media monitoring: Association, market and member information in English language (Meltwater)
  - Expansion and intensification of the Association's international work / more involvement of association members:
    - Implementation of 'BVZL country representatives' for target-oriented activities in the respective local markets such as the UK, U.S., Switzerland, Benelux etc.!
    - 'Market screening' of the local investor landscape, e.g. their demands and expectations for investment options in context with the asset classes of the secondary market life insurances.
    - Create country-specific investor profiles
    - Intensify cooperation with different association publications such as newsletters (realization depends on budget): Provide country-specific editorial input
  - Mission Statement or strategic positioning as lobby organization in favor of a European regulation ('The future regulatory landscape for US life settlement investment products in Europe')
  - Prevent the dissemination of the FSA opinion on U.S. life settlements: Project 'Regulatory Firewall'
  - Maximum use of German and English as Association languages (international topics: English, national topics: German)
  - Association office/office address Berlin/Brussels

- Find a political member of the Advisory Board on European level
- Regular talks / meetings with representatives of
  - the German Bundestag,
  - the European Parliament / European Commissions
  - different Germany ministries and supervisory authorities (BMF, BaFin etc.)
- Introduction and implementation of best practice standards
- Improve transparency
- Education and Information (investors / consumers)

**The members agree with the strategy concept for the year 2013 et seq.**

b. International Press Work

- BVZL media monitoring: Transition from Infopaq to Meltwater News
- Goal: Increase international press work
- Meltwater News: International press and monitoring service provider
  - Monitoring of international markets, publications, news (UK, U.S., including member companies)
  - Publishing of Association topics in the international press
  - Strengthen international presence
  - Summarization of latest news → Daily/monthly BVZL reports
  - Establish and expand contacts to international media/journalists
  - Translation tool (DE-EN and EN-DE)

c. Summit 2013

- „BVZL Summit 2012‘: Negative balance (loss: EUR 8,000.00)
- The business units suggested a review of the summit concept.
- The attendees use the BVZL Summit basically as a networking platform!
- The Advisory Board and Strategy Meeting agreed to create a new conference concept for 2013
  - Spring 2013: Meeting of Members (virtual) + press talk (Executive Board + heads of business units; also for international journalists; check online transmission)
  - Fall 2013: Meeting of Members (physical attendance) + Summit + Oktoberfest
- New possible summit format:
  - Small conference / expert conference (1 day, 2-3 expert presentations)
  - Symposium
  - Forum
  - Affordable conference fee / affordable location
  - Personal invitation → increase importance
  - Goal: Positive final result for Summit 2013 next year

- Sponsoring of Oktoberfest event
- Quotas for sponsors!!!
- Suggested conference fee for members. EUR 195.00
- Suggested conference fee for members. EUR 295,00
- or free conference and Oktoberfest event fee EUR 99.00 ???

d. New Organization of General Meeting of Members

- Spring 2013: **(virtual) Meeting of Members** + press talk
  - Dial-in by phone, Internet
- Fall 2013: **Meeting of Members (physical attendance)** + Summit + Oktoberfest
- The BVZL Statute has to be changed. The members were informed about the suggested Statute amendment by e-mail on 18 Sep 2012 before the Meeting of Members:

*The Meeting of Members on Sep 24 will discuss and decide whether the Meeting of Members in spring could be changed into a virtual event, in particular, to allow international members better participation. Subject to the consent of the Meeting of Members on Sep 24, we prepared the following Statute amendment (the English version was edited also).*

Statute Amendment

*In future § 12.1. of the Statute shall read as follows:*

*12.1. The regular General Meeting of Members shall be held at least once a year*

*In future §13.8. of the Statute shall read as follows:*

*13.8. Meeting resolutions can also be passed in writing and/or per fax and by phone or web conference, if all full members have been given three-week notice to participate in the resolution. For the written voting or voting by fax, a deadline is set of minimum two weeks. If the member does not cast his/her vote within the set period, this applies as an abstention.*

- A concrete proposal and ready concept will be created and presented at the next Meeting of Members in spring 2013.



e. Expansion of the BVZL Brand

- Develop and expand BVZL as a national/ international seal of quality

**The members note with approval the strategy for 2012 presented by the Executive Board.**

**The members attending the meeting did not raise any objection against the Statute amendment. The members agree with the proposal.**

**Statute amendment:**

- a. (virtual) Meeting of Members in spring
- b. Meeting of Members in fall (physical attendance)

**TOP 5: Budget (Executive Board)**

**Current Status of Budget 2012/Forecast 2012  
Budget Planning for 2013**

- Ingo Wichelhaus explains the budget summary 2009 – 2013 FYF
- Decreased number of members and membership fees as a result of the economic downturn
- The fixed costs have basically not changed and have been kept stable over the years
- Reduction of variable costs: Expenses for different projects
- The sinking income was compensated by a significant reduction of the variable costs and expenses, tax reimbursements and reduction of accumulated cash reserves
- The BVZL Executive Board expects a well balanced budget for the year 2013 with positive indications that the trend may be reversed
- Breakdown of costs 2009 – 2013:
  - PR
  - Admin
  - Wages for Executive Board
  - Diverse costs
  - Total costs
- The budget forecast 2012 and the budget planning for 2013 were presented and explained to the attendees of the Meeting of Members (a printout / summary as of 09/14/2012 was handed out to every attendee)
- Left side = Revenues
- Right side = Expenses
- Comparison: actual scenario vs. worst-case scenario

- Illustration in yellow columns: With the cost reduction, the budget is still balanced.
- The Executive Board expects new members for 2013
- The Executive Board informs that the project 'BVZL Summit 2012' was closed with a loss of EUR 8,000.00.
- As of today, Sep 24, 2012, the BVZL expects to close the financial year with a positive total budget reserve of about EUR 4,500.00 to be transferred into the financial year 2013.
- Members voiced their wish to compare the budgets for PR and Admin with third providers on the market. The Executive Board pointed out that the Association's press work, in particular, long-term established relationship with the press and a smoothly functioning administration with much know-how cannot be easily replaced and that such should only be compared with third offers paying close attention to detail.
- Quotations for comparison shall be requested by the next Meeting of Members.
- The attending members did not raise any further objections against the budget 2012 and 2013.

**The members note with approval the submitted current budget plan for 2012 (forecast) and the budget plan for 2013.**

## **TOP 6: Miscellaneous and next General Meeting of Members**

### BVZL General Meeting of Members:

- The next General Meeting of Members is scheduled spring 2013 (probably at the end of March) in Munich. Invitations will be mailed out to the members in time.

### Re-election of Christian Seidl:

- The term of Christian Seidl (member of Executive Board) ends as of December 31, 2012.
- Ingo Wichelhaus reports about the excellent and close cooperation with Christian Seidl and suggests the members to re-elect Mr. Seidl for another term of 2 years.
- The nomination was unanimously accepted and agreed by the Meeting of Members.

**Christian Seidl (DOB 07/28/1966, residing in Ebenhausen/Germany) was re-elected member of the Executive Board (next to Ingo Wichelhaus) for another term of 2 years as of 01/01/2013.**

Addendum to the General Meeting of Members:

- Following the regular General Meeting of Members on 24 Sep 2012, Mr. Weidinger notified both chairmen that he resigns his position as member of Advisory Board and head of the BVZL unit **Tax & Legal** because of constraints of time. Mr. Weidinger proposes to appoint Dr. Robert Wenninger as successor of his office (firm: WTW Weidinger Thiele Wenninger). Dr. Wenninger is already familiar with BVZL matters since he is responsible for accounting and tax topics at WTW.
- According to § 19 para. 5 of the BVZL Statute, the Executive Boarding decided to accept Dr. Wenninger as substitute member on the Advisory Board (and head of unit Taxes & Legal). The formal appointment shall be made during the next General Meeting of Members in spring 2013.

**§ 19. Advisory Board**

*19.1. The Association has an Advisory Board. The Advisory Board has the responsibility to provide advice in important Association matters and to provide support during the execution of Association responsibilities.*

*19.2. The Advisory Board members participate in the Executive Board meetings at the invitation of the Executive Board. The Advisory Board members cannot allow their responsibilities to be represented through other individuals.*

*19.3. The Advisory Board consists of up to five individuals, who do not have to be members of the Association. Executive Board members cannot be members of the Advisory Board at the same time.*

*19.4. The Advisory Board will be proposed by the Association's Executive Board and elected by the General Meeting of Members with a simple majority for a two-year term of office.*

*19.5. If an Advisory Board member withdraws prematurely, the Executive Board can appoint a substitute member until the next General Meeting of Members.*

Followed by presentation of the guest speaker:

Gero von Gossler (VGF Verband Geschlossene Fonds e.V.) on the topic 'Regulatory Landscape in the Euro Zone'

(signed by Chairman Christian Seidl)

(signed by Chairman Ingo Wichelhaus)

(recorded by Blanka Stricevic)