

## Minutes

of the 29th General Meeting of Members in Munich on September 30th, 2014

**Chairman of the Meeting:** **Ingo Wichelhaus (Member of the BVZL Executive Board)**

**Minutes recorded by:** **Daniela Paul**

### Attendees:

#### BVZL Executive Board:

Christian Seidl  
Ingo Wichelhaus

Life Bond Management GmbH  
West Life Markets GmbH

#### BVZL Advisory Board:

Dr. Robert Wenninger

WTW Weidinger Thiele Wenninger

#### Full Members:

Andreas Graf von Rittberg  
Jens Grüneklee  
Simon Erritt  
Michael G. Hoesch  
Christian Seidl  
Daniela Paul  
Stefan Teubler  
Uwe Jablonka  
Volker Bellmann  
Thomas Wodrich  
Dr. Nikolaus Seitz  
Ingo Wichelhaus  
Dr. Robert Wenninger

BVT Life Bond Management GmbH  
cash.life AG  
Coventry  
Life Bond Holding GmbH & Co. KG  
Life Bond Management GmbH  
Life Bond Management GmbH  
Life Bond Management GmbH  
North Channel Bank GmbH & Co. KG  
North Channel Bank GmbH & Co. KG  
Partner in Life S.A.  
Policy Administration Services GmbH  
West Life Markets GmbH & Co. KG  
WTW Weidinger Thiele Wenninger

#### Sustaining Members:

John Fischer  
Michael Fasano  
Peter Jäderberg  
Cynthia Poveda  
Chris Wells  
Jon Nelson  
Anna M. Bailey  
Wilfried van der Post  
Sascha Jahns

BACO Valuations SaRL  
Fasano Associates  
Jäderberg & Cie. GmbH  
Life Equity, LLC  
Life Equity, LLC  
Preston Ventures  
RiverRock Trust, LLC  
UniCredit Bank AG  
UniCredit Bank AG

#### PR Agency:

Lothar Trummer  
Sofie Türk

ConsulTancy GmbH  
ConsulTancy GmbH

**Place:** Münchner Künstlerhaus, Lenbachplatz 8, 80333 München, Germany

**Time:** 10-12 a.m.

**Agenda:**

<b>1. Welcome/Agenda</b>
<i>a) Housekeeping</i> <i>b) Re-election of Christian Seidl</i> <i>c) Election of Co-Head US Section</i>
<b>2. Budget forecast 2014/2015</b>
<b>3. Short update on the different sections of BVZL</b>
<i>a) German Market</i> <i>b) UK Market</i> <i>c) US Market</i> <i>d) International</i> <i>e) Legal and Tax</i> <i>f) Communications and Politics</i>
<b>4. Current Projects/Strategy</b>
<b>5. Miscellaneous and next meeting</b>

**1: Welcome and Agenda**

- Board Members Ingo Wichelhaus and Christian Seidl opened the meeting by welcoming all representatives from the member companies as well as the other attendees.
- There was a minute's silence in commemoration of Bernd Nobis, the late director of the PR Agency NBB, which had run the affairs for BVZL between 2004 and 2014.
- The members were informed that the meeting's agenda and invitations had been mailed out to in due time and that no objections or amendments to the agenda had been made.
- Mr. Wichelhaus noted that the required quorum of at least 25% had been met by

representatives from 9 (out of 16) full members being present.

- There were no objections or comments on the part of the members regarding the minutes of the 28<sup>th</sup> (virtual) General Meeting of Members (hereinafter: GM) dated April 2<sup>nd</sup>, 2014; thus, the minutes were adopted.

## **1a) Housekeeping**

### aa) New Members:

The attendees were informed about the admittance of three new member companies. They were all briefly presented and cordially welcomed by the existing members.

#### **New full member:**

##### **Capital Life Advisors AG**

*Capital Life Advisors AG is a financial engineering boutique. Our business is to provide quality investment products as well as corporate and strategic consulting. Our structured investments team allows clients to access geographical markets and assets not ordinarily available, with the ability to tailor investments to suit client tolerance to various risk profiles. Capital Life Advisors AG ensures a diverse range of investment solutions appropriate for our clients' needs in all market conditions.*

#### **New sustaining members:**

##### **Life Equity, LLC**

*Life Equity LLC is a leading provider of origination and portfolio services for institutional investors in the life settlement industry. Life Equity was established in 2000, is institutionally owned and is recognized as a leader in the promotion of industry regulation, high ethical standards and transparency in the marketplace. We are broadly licensed, an active purchaser of secondary policies and a market maker for tertiary policies and portfolios. In addition, we provide insured and policy servicing and offer portfolio analytics.*

##### **Preston Ventures**

*Preston Ventures is a privately held financial services firm, which provides structuring, advisory, asset management, acquisition, disposition, and corporate finance services to institutions and family offices. Some of the world's largest private equity funds, hedge funds, and corporate clientele know us as proactive, data driven, and highly analytical. The partners organize institutional capital in conjunction with opportunities to invest principally in transactions where they can utilize their specialized market*

*knowledge and expertise. Preston Ventures boasts a history of success through a variety of economic environments, changing business cycles, and asset classes.*

**bb) Termination of Membership (effective from December 31<sup>st</sup>, 2014):**

- Legacy Benefits, LLC
- Dr. Peters GmbH & Co. KG

**1b): Re-Election of Christian Seidl as Member of the Executive Board**

The current term of office of Christian Seidl as Member of the Executive Board ends on December 31<sup>st</sup>, 2014. Ingo Wichelhaus emphasized Mr. Seidl's strong commitment and dedication to the job and proposed a re-election for another 2-year term. The proposal was unanimously adopted by the members, there were no abstentions. Mr. Seidl's new tenure will therefore start on January 1<sup>st</sup>, 2015 and last through December 31<sup>st</sup>, 2016.

**1c) Election of Co-Head of the US Section**

On September 9th, 2014 the members of the US Section were informed about the vacant position of Co-Head and were encouraged to apply. At the GM Cynthia Poveda, CEO at Life Equity, who had put her name forward and been fielded as candidate, was unanimously elected by the members; there were no abstentions.

Christian Seidl welcomed the decision and also expressed his renewed thanks to Zohar Elhanani from Legacy Benefits, who had supported the US Section of BVZL as Co-Head from 2010-2014.

**2: Budget Forecast 2014/2015**

The current budget plan for 2014 (as per September 30th, 2014) was handed out to all attendees at the meeting and is enclosed to this document.

Mr. Wichelhaus informed the members that – due to the sudden death of Bernd Nobis and the ensuing forced administration of NBB – the following decisions had to be taken by the BVZL Executive Board:

- The contract with NBB was terminated for exceptional reasons – a reduced lump sum was paid for remaining services throughout the month of August.
- Due to NBB's complete inability to act and in view of the upcoming Life Settlement Conference on September 29<sup>th</sup>, 2014, day-to-day operations as well as all administrative work were transitionally transferred to the BVZL member company Life Bond Management GmbH on July 28<sup>th</sup>, 2014. Event planning for the conference was

taken care of by Sofie Türk, a staff member of Consultancy. These activities caused two previously unbudgeted payments, but in total incurred only little extra costs for the BVZL.

- From October 1st, 2014 onwards, all BVZL administrative tasks will be managed by Consultancy from their office location in Prinzregentenstraße in Munich. Monthly remuneration will be in the amount of past payments to NBB, i.e. EUR 2,500.00.

On the part of the members, there were no questions or comments.

With regard to the 2015 budget, Mr. Wichelhaus pointed out that next year's BVZL/ELSA Life Settlement Conference will be taking place in London and will be fully organized by ELSA. The expected proportional profit for the BVZL was budgeted in the amount of EUR 10,000 and thus lies slightly above the expected profit out of this year's conference in Munich. Generally, any budget surpluses realized are to be used to carry out new projects in 2015. These include:

- A market study on worldwide secondary and tertiary life insurance markets, their players as well as order and performance of existing US life settlement funds etc. For the moment, this information is not or only partially available but frequently asked for by investors. The BVZL (possibly in cooperation with ELSA) therefore intends to commission a study, for example in the context of a master's thesis.
- The BVZL Best Practices drafted in 2013 are to be complemented by another chapter on evaluation standards and methods for US life settlements.
- Increased lobbying in Berlin and Brussels. In Germany, the restrictions on life insurance companies which at the moment keep them from investing in used life insurance policies might be lifted in the near future. The BVZL would welcome this measure, just as it endorses calls for increased transparency of annual policy value statements for the consumer.

On the part of the members, there were no questions or comments on the 2015 budget.

### **3: Short Update on the Different Sections of BVZL**

#### **a) German Section (Ingo Wichelhaus)**

- The developments of the German market can be reviewed in detail in the attached presentation.
- Ingo Wichelhaus elaborated on the Life Insurance Reform Act, which was passed in the summer of 2014 and is likely to lead to increased demand in the secondary and tertiary life insurance markets.

- The BVZL will increasingly focus on the subject of transparency of insurers' policy value statements, as their often insufficient information value is complicating the comparison or pricing of policies.
- Furthermore, the BVZL will continue to call for the introduction of a new practice whereby insureds who consider surrendering their policies should be informed by the insurer about the possibility of a policy sale on the secondary market.
- As mentioned above, the BVZL would also approve a change in investment rules, which would allow insurance companies to invest in used life insurance policies (providing the issue of certain rules and regulations).

On the part of the members, there were no questions or comments on the German section.

#### **b) UK Section (Dr. Nikolaus Seitz)**

- The developments of the British market can be reviewed in detail in the attached presentation (in German)
- Answering a question on whether there will be any new projects in 2015, Dr. Seitz mentioned a planned research project meant to show the effects of a decline in policy supply in the past and lessons learned for the launch of new products.

#### **c) Legal & Tax (Dr. Robert Wenninger)**

- First, Dr. Wenninger mentioned the question of sales taxability on services in connection with the acquisition of secondary market life insurance policies. He emphasized the current lack of legal clarity and the section's view that all activities should be tax-free. Now the goal is to enter into a dialog with the legislator; however, the first reactions have been rather restrictive.
- The second important issue is the taxation of death benefits from used life insurance policies; the new law is said to take retroactive effect at the end of December 2014. However, this retroactivity is considered unconstitutional by the BVZL section.

Answering the question on how the markets reacted to the situation, Christian Seidl pointed out to the various tax structures of funds which was the reason why only some of them would be affected by the law. He added that in 2008 there had already been a change of the law, which back then did not affect policies from countries outside Germany however. Besides, Mr. Seidl stressed that the new law would only impact individuals, not institutional investors.

**d) US Section (Christian Seidl)**

- The developments of the US market can be reviewed in detail in the attached presentation.
- The question whether one of the other members had any experience in “long-term care benefit plans” transactions, i.e. the conversion of in-force life insurance policies into pre-funded, irrevocable benefit accounts, was negated. The general view was that it was hard to find a company that was active in this kind of transaction and could provide reliable information.

**e) International Section (Peter Jäderberg)**

- Peter Jäderberg emphasized the importance of the section before the crisis, as it was a good point of contact for investors from regions like the Far East or countries like Australia or Canada (it was pointed out, however, that in the latter case the sale of life insurance policies is illegal in many provinces).
- Mr. Jäderberg proposed that – if it was generally felt that the section was not currently needed – it could be officially closed until demand returned. The members unanimously agreed to put the matter on the agenda of the next GM as a voting issue.

**f) Section Communication & Politics (Lothar Trummer)**

Lothar Trummer introduced his colleague Sofie Türk, who from October 2014 will manage all administrative tasks for the BVZL. As in the past, ConsulTancy will be responsible for all PR activities. Mr. Trummer also informed the members about a new project plan being currently drafted which will depict the different sections of the BVZL as well as all planned future activities. This project plan will be presented at the next GM.

**4: Current Projects/Strategy**

The following future activities were proposed by Ingo Wichelhaus and unanimously approved by the members:

- Strengthened cooperation with ELSA:
  - BVZL/ELSA International Life Settlement Conference 2015 in London
  - Joint commissioning of the above-mentioned project study

- Increased lobbying in Berlin and Brussels, in particular focusing on the investor but also the originator side
- The planned PR project and respective schedule will be presented at the next GM taking place in spring 2015. All important information will be circulated in time.
- The BVZL will strengthen its focus on "longevity-related products", an area in which member companies can contribute their expertise and long-standing experience in the valuation of longevity risks. This strategy was already discussed at the Advisory Board Meeting on June 24, 2014 and was formulated as an explicit recommendation.

On the part of the members, there were no questions or comments on future activities or planned projects.

#### **5: Miscellaneous and Next General Meeting of Members**

- The next GM will take place in spring 2015, in all likelihood in the form of a teleconference (alternatively, a suitable videoconferencing system will be used).
- The next physical GM (required once a year by the BVZL statutes) will take place in Munich in fall 2015.

Ingo Wichelhaus and Christian Seidl concluded the meeting by thanking everyone for attending and contributing.

  
(sgd. Ingo Wichelhaus  
Member of the Executive Board)

  
(sgd. Christian Seidl  
Member of the Executive Board)

  
(sgd. Daniela Paul  
Minute Taker)