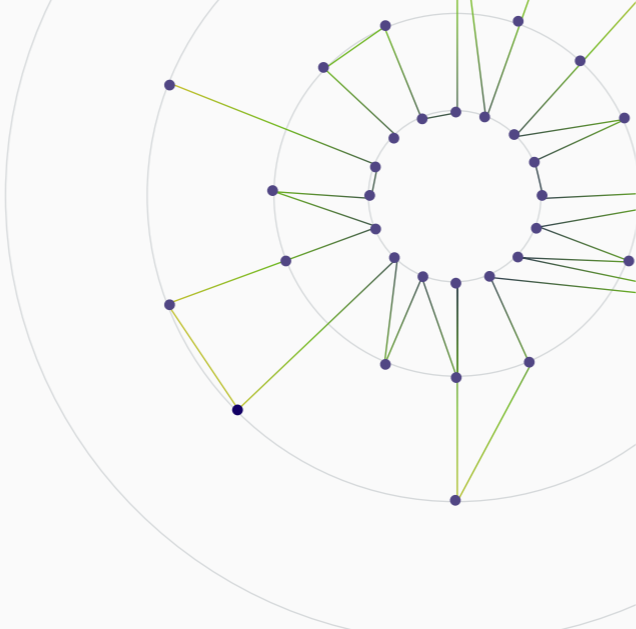


Life ILS Conference 2023

CONFERENCE SUMMARY



Club Vita

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Our mission:

To improve later life financial well-being by promoting awareness of longevity risk and making its management transparent and efficient.



Our vision:

- to enable financial institutions to understand and actively manage longevity risk
- to modernize market practices and remove market frictions for longevity risk transfer
- to improve access to cutting edge data-science tools and techniques



Our community:

Club Vita is an international longevity data analytics company. We facilitate the accumulation and pooling of defined benefit mortality data and help longevity and mortality risk stakeholders make more informed strategic decisions and improve best-practice risk-management.



Douglas Anderson FIA CERA FSA
Founder of Club Vita
douglas.anderson@clubvita.net



Jennifer Haid CFA FSA
CEO
jennifer.haid@clubvita.net



Life Risk News held its annual Life ILS conference on Tuesday, May 23, 2023, in London. The event welcomed, for the second consecutive year, attendees both in person and virtually, and delivered a record attendance for the event.

The timing of the Life ILS Conference 2023 came at arguably one of the most interesting junctures in recent memory for the life ILS market. The Covid-19 pandemic has affected many industries and markets, but few to the same extent that it has the life ILS one. For the first time in many years, uncertainty about mortality trends in the general population has impacted our market in terms of the ability to model mortality and longevity as accurately as we did previously, and the uncertainty is one that will not be resolved in the short term.

The macroeconomic environment has also impacted the life ILS market significantly. An elevated – by post-Global Financial Crisis standards – interest rate environment has the effect of compressing the spread between life ILS returns and the risk-free rate, putting added pressure on managers of these strategies to deliver returns acceptable for their clients. And the life ILS industry continues to face challenges in the deal flow arena, with plentiful capital chasing too few deals.

Attendees at the Life ILS Conference 2023 heard about a range of topics that discussed not only these challenges but the opportunities that they see in the coming 12-24 months. The sessions at the event were:

- A Keynote presentation from Nassib Chamoun, Founder & CEO, Health Data Analytics Institute, where he discussed trends in the US healthcare market
- State of the Market, a panel which looked at the life ILS market from a top-down perspective
- Supply and Demand of Life Risk, a presentation session which explained the current push and pull dynamics in the deal flow arena
- Technology Driving Supply, a panel which analysed where new technology solutions could play a role in growing the life ILS market in the coming years
- Understanding Demographics Groups in Life Risk, a presentation session which delved into the current trends in longevity and mortality

- Post Pandemic Impact on Covid-19, a panel that explained what we know about the impact of Covid-19 – and what we don't
- Ever Evolving Regulatory Challenges, a presentation session that dug deep into upcoming legislation and regulation and the potential impact on the life risk market
- People Drive Innovation and Talent, a panel discussion that covered the not-so-well covered, but high impact, area of human capital in the life risk market.

I would like to take this opportunity to thank our sponsors, without whom this event would not have been possible: Club Vita, Life Equity, Longevity Holdings, Lighthouse Life, Schroders Capital, Securis Investment Partners, LifeRoc Capital, ArentFox Schiff, Leadenhall Capital Partners, Willkie Farr & Gallagher, Kilter Finance, Corry Capital Advisors, BroadRiver Asset Management, Wilmington Trust and Actuarial Risk Management.

In addition, I would like to thank our speakers who provided a fantastic program of presentations and insightful observations; Douglas Anderson, Liz Bury, Nassib Chamoun, Marguerite Fevrier, Cedric Fetiveau, Michael Freedman, Aaron Giroux, Yaacov Goldenhersh, Jennifer Haid, Michael Henderson, Paul Kitson, Kirsty MacLean, Andy McAleese, Stuart McDonald, Avery Michaelson, Scott Mitchell, Jay Olshansky, Andrew Plevin, Adam Robinson, Dan Ryan, Pretty Sagoo, Jillian Williams, Greg Winterton.

Lastly, we would like to thank the members of the organizing committee and our hosts, EY, who put together a fantastic conference. Life Risk News very much hopes you enjoy reading about some of the highlights of the Life ILS Conference 2023.

Chris Wells
Managing Editor
Life Risk News

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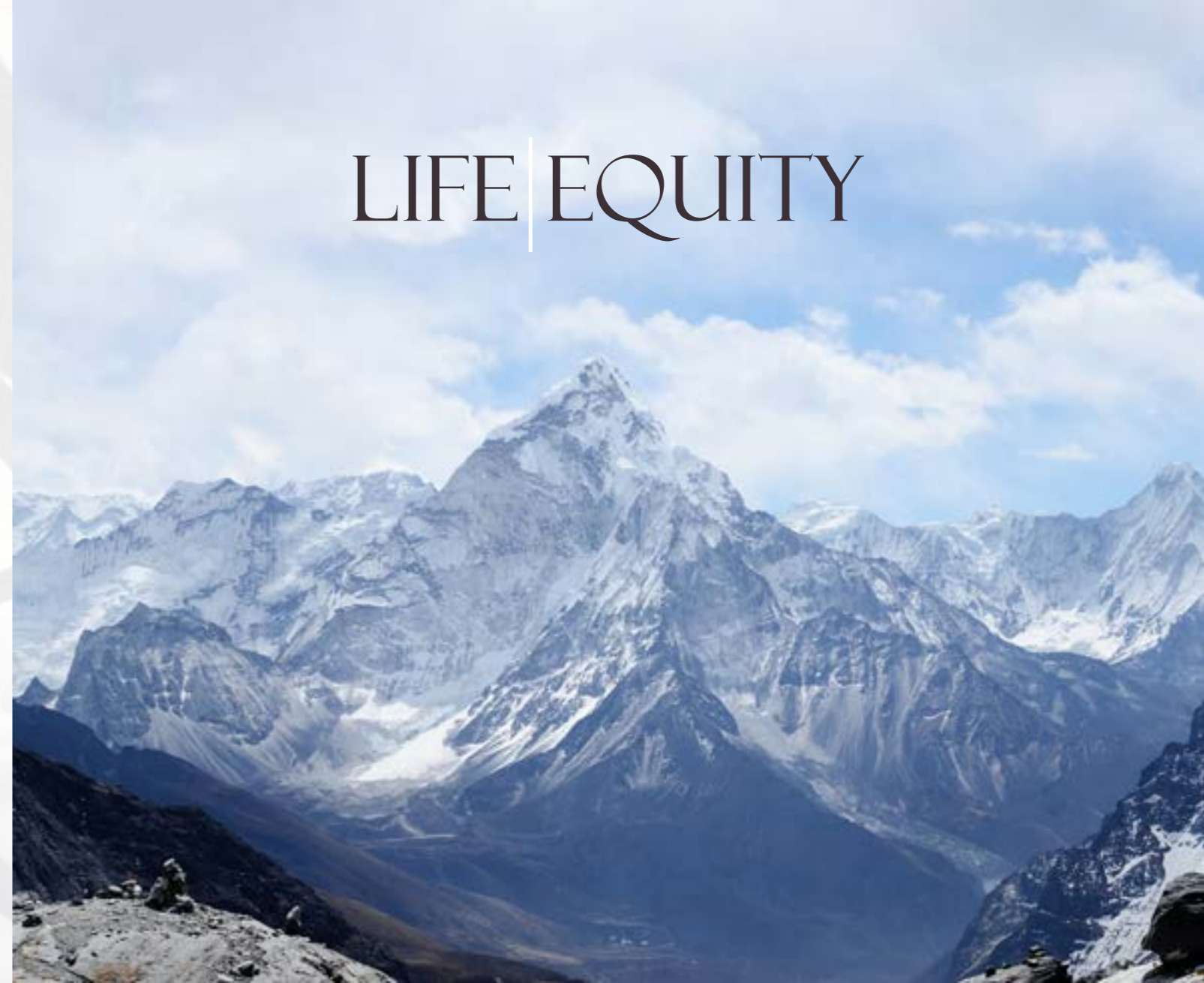


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Keynote Presentation

Mortality and Morbidity



Nassib Chamoun
Founder & CEO
Health Data Analytics Institute

Summary

The US healthcare market is the world's largest, and according to the US Centers for Medicare and Medicaid Services, was \$4.3trn in 2021, or 18.3% of the country's gross domestic product. Nassib Chamoun's keynote presentation at Life ILS Conference 2023 covered a range of themes within this market, including:

- The transfer of medicare-related longevity risk to the capital markets
- The increasing role of private equity in the US healthcare system
- How insurers are managing patients and healthcare professionals in their systems
- Mortality trends amongst various age cohorts
- Morbidity trends and how risk bearing entities managed through the Covid-19 pandemic

Click to watch video of panel 

'Health systems in the United States that are largely fee for service are going to have to realign their strategies for the new environment'

'Investors had better understand where their patient or population is going, where they're being treated, what are their outcomes, how long are the patients living and what is their utilisation. The \$1.2trn freight train is coming really fast'

'The value-based trend in healthcare in the United States is here to stay and it's going to accelerate'

- **Nassib Chamoun, Founder & CEO, Health Data Analytics institute**



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Session 1 Discussion Panel

State of the Market



Greg Winterton
Life Risk News



Jennifer Haid
Club Vita



Andrew Plevin
BroadRiver Asset
Management



Scott Mitchell
Schroders Capital

Summary

The life ILS market has many silos but increasingly these silos are becoming more interconnected. The State of the Market panel saw Jennifer Haid, CEO at Club Vita, Scott Mitchell, Head of Life ILS, Portfolio Manager at Schroders Capital and Andrew Plevin, CEO at BroadRiver Asset Management offer their thoughts on a range of topics including:

- Longevity and mortality trends in both Europe and North America
- The impact that the current elevated interest rate environment is having on institutional investor appetite for life risk-based products
- The growth, challenges, and opportunities in the pension risk transfer market
- What is affecting deal activity / transactions in some of the silos of the life risk market
- Trends specific to each of the panellists areas of expertise

Click to watch video of panel 

We're seeing a significant increase in both the size and number of pension risk transfer transactions in the US, UK and Canada at the same time that there is growing uncertainty in longevity outcomes driven by endemic COVID and other macro and regional factors. This creates a challenging environment for the actuaries working in this space'

— **Jennifer Haid, CEO, Club Vita**

'Distributions from illiquid asset allocations are not happening at the level that institutional LPs expected, and that's affecting their ability to deploy capital even where they want to. We're clearly seeing a different conversation with our institutional LPs...the market has changed for them, and they are factoring that into their investment allocations'

— **Andrew Plevin, Co-CEO & CIO, BroadRiver Asset Management.**

'There is increased flow of deal opportunities in the structured financing space, and that's possibly a direct consequence of the reduced liquidity across the capital markets generally. We're also seeing increased activity in the lapse risk transfer space arising from rising interest rates. There is also increased demand from some market participants for pandemic or mortality cover as a result of COVID'

— **Scott Mitchell, Head of Life ILS, Portfolio Manager, Schroders Capital**

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Session 2 Presentation



Liz Bury
Trading Risk

Supply and Demand of Life Risk



Adam Robinson
Securis Investment
Partners



Aaron Giroux
LifeRoc Capital

Summary

The rising interest rate environment has certainly had an impact on demand for life ILS solutions offered by investment managers, but interesting nuances are emerging in the space that are both related and unrelated to the broader macroeconomic picture. Aaron Giroux, CEO at LifeRoc Capital and Adam Robinson, Head of Life at Securis Investment Partners gave presentations to the audience which covered:

- The drivers of the current trends in institutional investor demand for life ILS strategies
- Opportunities that the current interest rate environment is providing life ILS specialists
- Where life ILS fits in the insurance and investment ecosystem and the challenges it faces
- What's behind the increase in supply of life settlements in the industry's secondary market
- The change in approach from passive to active of fund managers in the life settlement market
- Where capital in the life settlement space is looking to find a home – and where it isn't

Click to watch video of panel 

'The hunt for yield argument for life ILS seems to be over right now, and some think the additional complexity premium to understand the space isn't worth it. But the core argument for life ILS always has been, and should still be, diversification'
— **Adam Robinson, Head of Life, Securis Investment Partners**

'We're seeing more and more asset managers approach life settlements as an actively managed asset class as opposed to a 'set it and forget it' type of asset class. A core thesis now is to actively trade in and out of assets during the life of the fund and not waiting to the end of the fund to execute sell side opportunities'
— **Aaron Giroux, CEO, LifeRoc Capital**

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Session 3 Discussion Panel

Technology Driving Supply



Michael Freedman
Lighthouse Life
Solutions



Avery Michaelson
Longitude Exchange



Yaacov Goldenhersh
LiST Funding



Cedric Fetiveau
Dedomainia

Summary

The supply of deal flow in the life risk market depends heavily on the prevailing macroeconomic environment, but structural inefficiencies have historically served as something of a hindrance to the space, holding it back from realising its significant potential. Cedric Fetiveau, Co-Founder at Dedomainia, Yaacov Goldenhersh, Co-Founder & CEO at LiST Funding, and Avery Michaelson, Founder & CEO at Longitude Exchange, discussed a range of areas where technology is currently having and will have in the life risk market including:

- The areas where automation can make a difference and support market growth
- How commoditisation can open the longevity risk transfer market to new players
- Challenges to further technological adoption in both macro and micro longevity risk
- Ethical considerations in the adoption advanced technology in the life risk market
- The current and potential impact of artificial intelligence on life risk markets

Click to watch video of panel 

'The idea of insurance cohorts is a legacy idea. I don't think that will be around in several years because the world is shifting to personalised modelling'

— **Yaacov Goldenhersh, Co-Founder & CEO, LiST Funding**

'Previously, hedgers didn't have the tools to structure and analyse standardized hedging transactions, but now technology is lowering the barrier for life insurers, reinsurers and pension funds who are looking to hedge longevity risk so they can bring these transactions to market'

— **Avery Michaelson, Founder & CEO, Longitude Exchange**

'The PRT market is a niche market with a few large players...the idea that you can lower the barrier here and bring new counterparties, structure and technology is potentially shaking the status quo a little bit. We have to reassure the market that it's in their interests to work together so that they can also benefit from greater efficiency'

— **Cedric Fetiveau, Co-Founder, Dedomainia**



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Session 4 Presentation



Paul Kitson
EY

Understanding Demographics Groups in Life Risk



Stuart McDonald
Lane Clark & Peacock



Jay Olshansky
Lapetus Solutions

Summary

Demographics plays a foundational role in the various silos of the life risk industry; it's one of the most obvious commonalities amongst the very different sub-sectors of the space. Stuart McDonald, Partner, Head of Longevity and Demographic Insights at Lane Clark & Peacock, and S. Jay Olshansky, Co-Founder and Chief Scientist at Lapetus Solutions gave presentations which covered:

- The reasons for the doubling of UK life expectancy in the past 150 years
- The drastic inequalities in health in England
- The stark differences between UK and US modelling of mortality improvements
- The importance of education in modelling mortality
- The impact of idiosyncratic risk on life expectancy

Click to watch video of panel 

'Important though it is, life expectancy is not the biggest story in UK demographics - what's really interesting is fertility rates. Total fertility rate varies considerably across the UK nations, but all are well below the replacement rate. The implications for our ageing population are profound'

— **Stuart McDonald, Partner, Head of Longevity and Demographic Insights, Lane Clark & Peacock**

'The impact of education is significant in longevity modelling. Having the education in of itself isn't what creates the gain or the advantage, it's everything that goes along with that education. But it's not even asked about on life insurance applications,'

— **S. Jay Olshansky, Co-Founder and Chief Scientist, Lapetus Solutions**

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Session 5 Discussion Panel

Post Pandemic Impact on Covid-19



Douglas Anderson
Club Vita



Dan Ryan
COIOS Research



Stephen Kramer
Independent Consultant

Summary

All industries and markets were affected by the impact of the Covid-19 pandemic, but arguably none will experience the residual effects as much as the life risk markets will. Daniel Ryan, Lead Catalyst at COIOS Research and Stephen Kramer, an Independent Consultant, discussed what we know about the medium to long term effects of the pandemic, including:

- The current, continuing effects of the pandemic
- The ongoing impact of behavioural change amongst the population on mortality
- The adequacy of care provided by the health system
- Economics of healthcare at the individual and national level
- The positives that have emerged from this most dreadful of diseases

Click to watch video of panel

'Throughout the pandemic, the challenge has been that COVID is not a respiratory disease; it is a systemic disease that affects many organs. It continues to be challenging to assess the impact of prior infections on people's future health'
— **Daniel Ryan, Lead Catalyst, COIOS Research**

'What's important is the way in which people's immunity develops. There was an expectation when the vaccines were developed early on that they would give people strong resistance and long-term resistance to Covid and that didn't happen...most people can get infected again and again and there continues to be some risk of severe damage with each infection. How this plays out in the future is difficult to determine'
— **Stephen Kramer, Independent Consultant**



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Session 6 Presentation

Ever Evolving Regulatory Challenges



Kirsty Maclean
Willkie Farr & Gallagher



Marguerite Fevrier
EY



Michael Henderson
Legal & General

Summary

Many participants in life risk markets do so internationally, requiring them to navigate different regulatory regimes. Marguerite Fevrier, Director at EY, and Michael Henderson, Solvency II Reform Lead at Legal & General, gave presentations that collectively covered some of the existing and upcoming regulatory changes and the impact of these developments, including:

- The current state of regulatory change in certain countries
- The main changes to the UK's 'Solvency UK' insurance regulatory regime
- How insurance companies might adjust their investment strategy off the back of the planned changes
- The impact on the longevity risk reinsurance market
- The current participants in the longevity risk transfer space and how different the landscape might look going forward
- The challenges presented by the lack of available human capital

Click to watch video of panel 

'There has been a lot of regulatory engagement by various stakeholders that we haven't really seen before because insurance regulation was decided at the EU level. We've had some really good debates within some of these expert groups in terms of what needs to be looked at'

— **Michael Henderson, Solvency II Reform Lead, Legal & General**

'Prior to entering into a complex risk transfer transaction, the PRA would like to understand from cedants how they have assessed the risks attached to the structure and thought about recapture planning, demonstrating an understanding of the impacts from counterparty default risk, liquidity risk, basis risk and their capabilities to take assets back onto their own balance sheet'

— **Marguerite Fevrier, Director, EY**

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Session 7 Discussion Panel

People Drive Innovation and Talent



Jillian Williams
Leadenhall Capital
Partners



Andy McAleese
Pacific Life Re



Pretty Sagoo
Just Retirement

Summary

The heart of any successful business is its people, and the life risk markets are no different. However, the human capital element of the industry doesn't nearly receive as much attention as it does in other finance and investment-related fields. Andy McAleese, Managing Vice President, Longevity Specialist at Pacific Life Re and Pretty Sagoo, Managing Director of Defined Benefit Solutions at Just Retirement, offered their views on the current state of human capital in life risk, including:

- The rapid growth in the pension risk transfer market risking burnout in industry people
- Industry efforts to figure out how to mitigate stress and extreme workloads
- The challenges that pivoting to a work from home environment presented
- How recruitment has been affected by employer office working policies
- How to expand the pool of potential workers to increase diversity of thought

Click to watch video of panel 

'The real constraint in what we can do is people. It's a complex world – PRT transactions involve a lot of parties, are time consuming, and there is a limited pool of specialists that can do this. The risk is that the short-term opportunity we have from significant market growth leads to burning people out'

— **Andy McAleese, Managing Vice President, Longevity Specialist, Pacific Life Re**

'We've lost talent because certain individuals didn't want to come into the office three days a week and we've lost talent because someone didn't want to come into the office ever, but we've never lost anyone because they want to be in five days a week. It's about flexibility - hire brilliant people and figure out how to help them work in your company'

— **Pretty Sagoo, Managing Director of Defined Benefit Solutions, Just Retirement**



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