

Fall 2024—preliminary trends

As the year nears its end, it's time to take a look at the preliminary trends and highlight developments that have shaped the market in recent months. For that purpose, we looked at the 12 months data samples of the secondary and tertiary market ending by October 2024 and the 12 months samples ending by December 2023. The red arrows below indicate the changes from 2023 to 2024 (preliminary).

Secondary market

The secondary market is characterized by a steady deal flow. Senior US citizens bring their policies to the market since they don't need their policies any more or since they can't afford the premiums any more (i.a. in the light of the higher cost of living etc.). So, there is a steady supply.

	Secondary market
Reported activity	↓
Average face value	↓
Average age	↓
Average life expectancy	↓

What we already noted in early 2024 proved to be true throughout the year - the reported trading activity in the secondary market is lower than in 2023. And the average size of transacted policies declined as well: the average face value for the full year 2023 was USD 1.7 Mio whereas it is USD 1.2 Mio for the last twelve months. Furthermore, the preliminary data indicate that the average transaction price declined as well for large parts of the market.

The average age declined on average, and with younger insureds it is natural to have longer life expectancies ('LE') on average all other equal. However, the observed increase in LE falls significantly short of expectations. Based on the lower

average age of the insureds, the LE increase should have been twice of what we have seen. One explanation for this observation lies in the medical underwriter split: we have witnessed a trend away from underwriters with long(er) operating history towards in particular one LE provider which entered the market more recently and of which the LEs are substantially shorter on average if compared to the peer.

Tertiary market

The supply in the tertiary market is different to the secondary market since it is often in the discretion of the current owner to sell. Of course some sellers are 'forced' up to a certain point—an open-end funds needs to meet redemptions, a fund needs cash to finance the ongoing premium payments etc.—but many potential sellers may chose to keep policies if the offered prices are below expectations.

	Tertiary market
Reported activity	↓
Average face value	↑
Average age	↓
Average life expectancy	↓

There is a slow down in reported trading activity in the tertiary market, however it is less pronounced if compared to the secondary market. If it comes to age and LEs, the average policies traded in 2024 so far are quite similar to the sample in 2023.

As a lot of policies in the tertiary market don't come with updated LEs, buyers require profound knowledge about how to properly age/ deal with outdated LEs. On the other hand, most of the polices in the tertiary market come with more than one LE while a second or third LE is still the exception in the secondary market.

Data Sampling and Data Provider

The information in this report is based on life settlement transaction data which is collected by AAP on a multi provider basis. The data providers send a sheet with the actual closings every month. Per each transaction information regarding the policy, the insured and the transaction itself is obtained.

The transparent life settlement providers are (in alphabetical order):

- FairMarket Life Settlements
- Habersham Funding LLC
- Life Capital Group
- Life Settlement Solutions
- LifeTrust, LLC
- Q Capital Strategies
- Settlement Group, Inc.

Life Settlement Market Activity

Mth to Mth

Secondary Market	Proj. Ret.	Volume
Main Market (Age 75-86)	↓	↓
Tail Market (Age < 75)	→	↓
Tail Market (Age > 86)	→	→
Tertiary Market		
Tertiary Market All	↓	↓
Total Market		
Sec. and Tert. Market	↓	↓

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