

Expanding European Life Settlement Association launches new education committee

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The European Life Settlement Association (ELSA) has established a new Education Committee which it hopes will help deliver the association's aims of promoting greater education, transparency and the provision of better information about life settlements to the public, media and regulators.

The Education Committee will be chaired by life settlement expert Michael Fugler (pictured) of Welcome Life Financial Group. He is joined on the committee by Richard Morris at Commerzbank, Jose Garcia at Carlisle Management Company and Tim Roberts at Catalyst Investment Group.

Life settlements – which turn US life insurance policies into tradable assets – have expanded rapidly since the financial crisis as they are one of few investments that have almost no correlation with market risk. They have no stock, bond or property exposure. However, the FSA has recently underlined the need for rigorous assessment and greater clarity in marketing literature to ensure suitability. Life settlements carry the risk of longevity and are a relatively illiquid asset, requiring careful management and controls in order to mitigate these risks effectively.

ELSA has responded to the market's sensitivity by establishing its new Education Committee. This will serve as a source of independent information and advice to those interested in understanding life settlement backed investments. The Committee is also working with fellow ELSA members to help steer ELSA's impending Code of Practice. This best practice Code will provide principles-based guidance concerning the structure, marketing and transparency expected of good institutions, and will highlight the key areas that investors (or advisers, in the case of the retail market) ought to assess before committing funds.



“Ever since its formation last year, ELSA has been calling for an improved dialogue between life settlement backed product providers, regulators, investors and financial intermediaries,” says Patrick McAdams, Investment Director at SL Investment Management and ELSA Chairman. “However, the genuinely deep diversification benefits offered by life settlements are in danger of getting lost in sceptical, one-sided commentary. We intend to refocus the debate responsibly and address the questions posed by the market head-on.

“Over the coming months, the education committee will be developing independent resources to help improve understanding and the education of the market – and we welcome feedback from investors in order to shape this agenda effectively. In particular, we recognise that concerns have been expressed surrounding the retail market and actively encourage IFAs to contact ELSA with their comments, or for further advice”.

In a separate development, ELSA has welcomed a new member to the association at large, Brian Casey – a partner who specialises in insurance-linked securities at US law firm Locke Lord Bissell & Liddell LLP. Casey is also a member of the Board of US life settlement association, LISA.