
U.S. Life Settlements Activity Flat in 2008

By Editor Test *Tue, Oct 13, 2009*

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The life settlements market was hit hard by the economic crisis and other factors in 2008, according to Conning Research and Consulting.

"The economic crisis was the major impediment to growth in the United States life settlements market in 2008, as the credit markets froze in the second half and life settlements buyers had difficulty financing new premiums," said Scott Hawkins, analyst at Conning.

"In addition, the major life expectancy underwriters revised their methodologies, calling into question the accuracy and valuation of existing portfolios. While there were fewer active buyers in the market, our \$11.7 billion estimate of 2008 settled policies did increase our estimate of cumulative in-force life settlements face values."

The Conning study, "Life Settlements: A Buyers' Market for Now" presents Conning's estimates of current market size and growth rate, as well as a long-term forecast and analysis of market conditions.

"The life settlements market must shake off profitability concerns and general market concerns about life insurer solvency before it will return to growth," said Stephan Christiansen, director of research at Conning. "The buyers' market of late 2008 and 2009 should help buyers re-establish profitability in their portfolios. More policyholders want to sell, and more agents now understand life settlements-the near term challenge is all about buyers' and investors' capacity."

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