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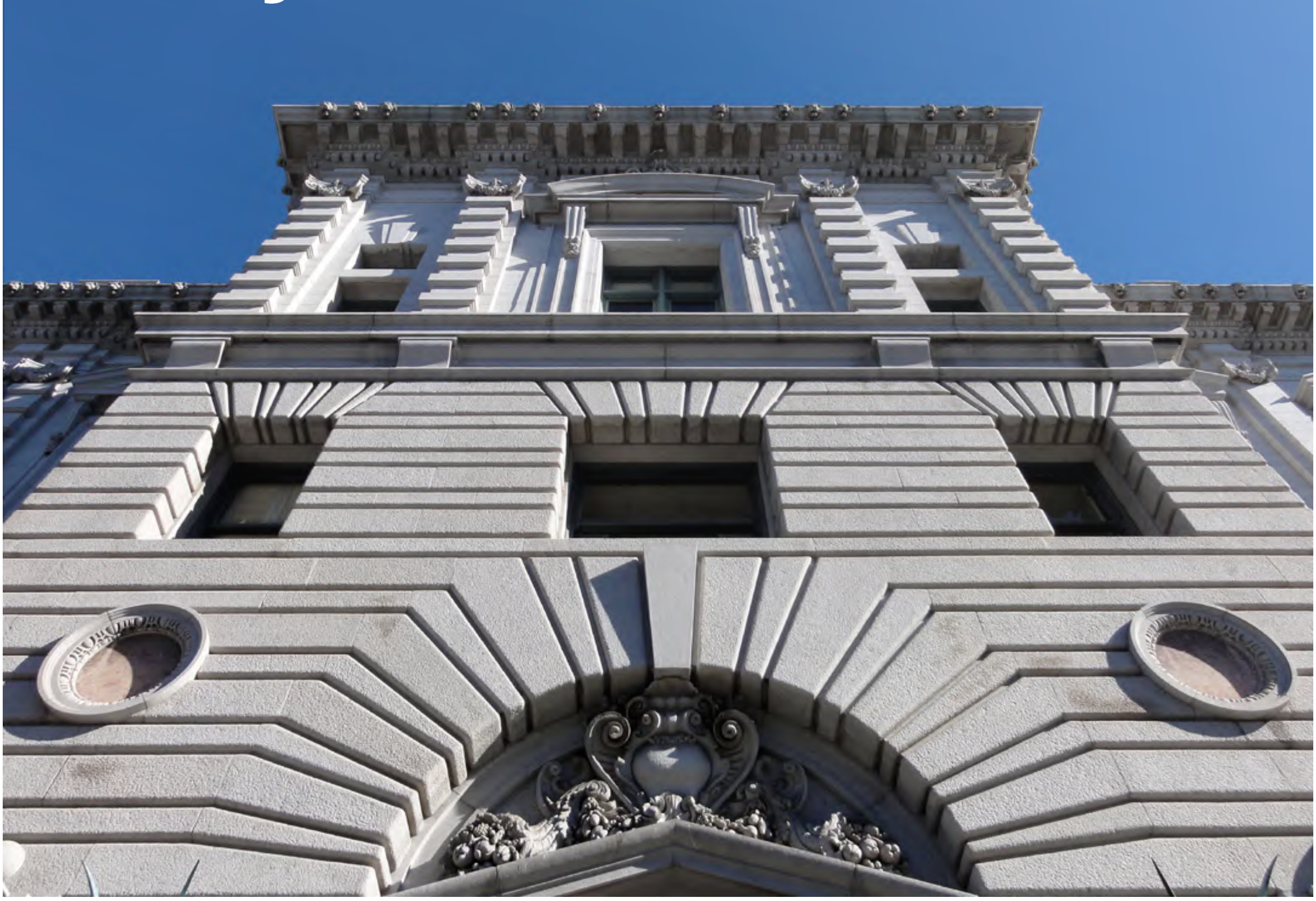

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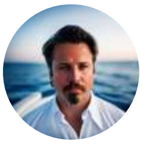
Editor's Letter, Volume 2, Issue 04, April 2026



Chris Wells
Managing Editor
Longevity & Mortality Investor

Two recent litigation cases relating to whether term life insurance policy conversions retain their original insurable interest produced opposite results for the life settlement market. *Greg Winterton* covers both, and spoke to **Bryan Nicholson**, Executive Director at **LISA**, and **Rob Haynie**, Managing Director at **Life Insurance Settlements** (and current **LISA** Chair) to get their thoughts on one, in *Life Settlement Market Faces Contrasting Views on Term Life Policy Conversions*.

The US pension risk transfer market recovered from a slow start to deliver yet another strong year of aggregate premium. The main story in the space, however, is the increasing activity in buy-in transactions. *Greg Winterton* gathered thoughts on the topic from **Alex Gagnon**, Vice President and Head of Distribution at insurer **Banner Life** and **Keith Golembiewski**, Assistant Vice President and Head of **LIMRA Annuity Research** in *Emergence of Buy-In Deals Supports Third Biggest Year on Record for US Pension Risk Transfer Market*.

Multi-cancer early detection (MCED) tests offer significant potential to impact mortality curves, but the technology is still in its infancy. *Mark McCord* speaks with **Dr. Steven Rigatti**, Founder of **Rigatti Risk Analytics**, to discuss whether current data warrants a shift in actuarial thinking in *Pricing in the Unknown: Why Mortality Models Aren't Ready for MCED Tests Just Yet*.

This year's update to the Continuous Mortality Investigation's model is expected to increase defined benefit pension scheme liabilities by 0.5% for schemes that adopt the model in place of last year's. *Greg Winterton* collected insights from **Alan Greenlees**, Professional Trustee at **ZEDRA** and **WTW**'s **Stephen Caine**, Head of Mortality and **Gemma Millington**, Senior Pensions Risk Transfer Director to find out what the impact on the de-risking market might be in *Business As Usual in UK Pension Risk Transfer Market Amidst Record Low Mortality in England and Wales*.

A new report by reinsurer **RGA** says that the combination of disease-modifying therapies and better understanding of the causes and progression of Alzheimer's "point to a future that is cautiously but meaningfully brighter". *Mark McCord* spoke to **Richard Russell**, Vice President, Biometric Research, Global R&D at **RGA** to find out how actuaries see the current state of play in *Better Understanding of Alzheimer's is Improving Lives if Not Actuarial Assumptions – Yet*.

A new consultation paper from the European Insurance and Occupational Pensions Authority (EIOPA) provides insights into the regulator's current view on the 'private equity ownership of insurance companies' zeitgeist. *Greg Winterton* spoke to **Luca Tres**, Head of Strategic Risk and Capital Life Solutions, EMEA at **Guy Carpenter**, to get his thoughts on the topics highlighted in the document in *EIOPA Sets Out Views on Private Equity Ownership of Life Insurers in New Consultation Paper*.

The dominant approach to modelling impaired mortality in life settlements is the constant mortality multiplier, which, while offering simplicity, has drawbacks. That's according to **Liam Bodemeaid,** Founder & Principal Actuarial Consultant at **Paragon Longevity Analytics**, who explains why, and offers an alternative approach, in *Better Mortality Analytics Will Unlock the Next Phase of Life Settlement Growth*, a guest article.

The life settlement's secondary market sees significant deal flow from advisors such as attorneys, CPAs and financial planners. *Greg Winterton* caught up with **Brandon Marz**, Co-Founder and Chief Strategy Officer at **LifeRoc Capital**, to get his thoughts on the 'state of the market' for this cohort as it pertains to life settlements in this month's *Q&A*.

Despite UK law giving life insurance policyholders the right to sell their policy to a third party, the country has no discernible secondary market for life insurance. *Greg Winterton* spoke to **Devam Sukhija**, CEO and Founder of **Pembridge Life**, to learn about why a different approach might be required in order to kick-start activity in the space in *Is the Secondary Life Insurance Market in the UK Set To Re-Emerge?*

I hope you enjoy the latest issue of *Longevity and Mortality Investor.*

Life Settlement Market Faces Contrasting Views on Term Life Policy Conversions

Author:
Greg Winterton
Contributing Editor
Longevity & Mortality Investor

If you convert a term life insurance policy into a permanent one, does that then become an entirely new policy, or is it a continuation of the existing one?

That is a question that the Ninth Circuit and the Southern District of New York in the U.S. have grappled with recently in two different cases relating to the topic of insurable interest and the news for the life settlement market is bittersweet.

Starting with the not-so-good news: because of the ruling from the United States Court of Appeals for the Ninth Circuit in *Ameritas Life Insurance Corp v Wilmington Trust, N.A. (Moghadam)*, a life insurance policy that changes from a term one to a permanent one results in a new contract in the Ninth Circuit, which means that an investor that purchased the policy and activated the conversion does not have an insurable interest in the insured, thus rendering the new permanent policy void *ab initio* – i.e., it never existed in the first place.

> **"We disagree with the Ninth Circuit's decision and are disappointed in the reversal. Clarity and consistency in how these policies are treated are essential to protecting consumers and maintaining confidence in a well-regulated secondary market"**
> **- Bryan Nicholson, LISA**

In 2004, Ameritas issued a term life insurance policy on the life of Amir Moghadam which contained a conversion privilege, allowing the policyholder to convert the term policy into a permanent life insurance policy. The contractual language specified that a conversion would create "a new single life policy" with an updated premium rate and policy date.

Moghadam's term policy was sold on the secondary market to Wilmington Trust which exercised the conversion privilege. Ameritas complied and issued the permanent policy to Wilmington but later filed a declaratory judgment in the Central District of California, alleging that the permanent policy was void for lack of an insurable interest.

The district court dismissed the complaint, concluding that the permanent policy was a "continuation" of the term policy and therefore did not require a new insurable interest at the time of conversion. Ameritas appealed and the court of appeals for the Ninth Circuit reversed the district court's decision.

"We agree with our dissenting colleague that the conversion privilege formed part of the 'benefit' of Moghadam's 'original bargain' when entering the Term Policy. But it does not follow that we must regard the Term Policy and the Permanent Policy as one and the same to protect that benefit. Nothing prevented Moghadam from exercising the conversion privilege himself, thereby realizing this benefit, for he had an insurable interest in his own life. Cal. Ins. Code §10110.1(b). As we explain below, the problem is that Wilmington—the party that actually exercised the privilege—had no such interest," said the court.

The decision was met with dismay by the life settlement market.

"We disagree with the Ninth Circuit's decision and are disappointed in the reversal," said Bryan Nicholson, Executive Director at industry group the Life Insurance Settlement Association (LISA).

"Clarity and consistency in how these policies are treated are essential to protecting consumers and maintaining confidence in a well-regulated secondary market."

"Policyholders paid for these policies. They should be able to rely on their value, including the ability to sell them. Changing the rules years later undermines that consumer confidence," added Rob Haynie, Managing Director of Life Insurance Settlements, Inc., and Board Chair of LISA.

The reversal by the Ninth Circuit is not necessarily final. Wilmington could file petition for an *en banc* review, asking that the full panel of 11 judges (as opposed to only the original three of the merits panel assigned to the appeal) in the Ninth Circuit to consider the merits of the appeal which could end up overturning the decision. It is noteworthy that one of the three members of the merits panel issued a dissenting opinion.

Additionally, the reversal is not precedential, thanks to the decision being 'unpublished'; while it can be cited to, and argued to be persuasive authority, it isn't binding authority.

But if the decision becomes precedential, either via an official opinion or an *en banc* review, this one, in theory, could result in a split between the federal circuit courts in the U.S. That's because the Southern District of New York is also working its way through its own version of *Moghadam* and while the current state of play is at the district court level, the ruling here is in the life settlement market's favour.

> **"Policyholders paid for these policies. They should be able to rely on their value, including the ability to sell them. Changing the rules years later undermines that consumer confidence"**
> **- Rob Haynie, Life Insurance Settlements**

In her March 26, 2026, bench ruling in *Zaben, LLC, et al., v. John Hancock Life Insurance Company of New York, et al. (Zaben)*, Senior U.S. District Judge Cathy Seibel ruled that the term-to-permanent conversion of the life insurance policy taken out on the life of Israel Weinstock did not result in a new policy, but rather was a continuation of the original term policy. Therefore, no insurable interest evaluation was required as a result of the term conversion.

"I find that the UL Policy was a continuation of the Term Policy rather than a distinct independent contract. As such, the UL Policy, like the Term Policy, is governed by New York law and thus, JHUSA is barred from contesting its validity under the incontestability provision," said Judge Seibel.

Something notable in Judge Seibel's ruling was her criticism of the Ninth Circuit's decision.

"Indeed, even the Ninth Circuit's reasoning on the point is questionable. The Circuit disagreed with an analogy used by the District Court, which had found, in its decision at 2024 WL 4402028, at page 7, that 'if you convert a convenience store into a restaurant, you have not bought a new building, you have merely changed the character of the building you already owned. By contrast, if you buy a new restaurant, you have also bought a new building.' And the District Court emphasized 'convert a new' in that quote. The Ninth Circuit, however, said, 'converting a store into a restaurant might not produce a new structure, but it, indeed, produces a new restaurant.' That's the Ninth Circuit at page 1, note 3. But the Ninth Circuit fails to acknowledge that the subject of that hypothetical did not own a restaurant in the first place, he owned a building, the characteristics of which changed."

So, suddenly, there are two opposing legal views. Counsel for John Hancock informed Judge Seibel that they would make a motion for certification of an immediate appeal of the issue to the Second Circuit Court of Appeals, which the judge indicated was a good idea. Thus, the likelihood of an appeal in *Zaben* is as certain as it can be at this moment in time.

Depending on how the Ninth Circuit rules on a petition for *en banc* review, and how the Second Circuit rules with respect to the Southern District of New York's decision, a federal circuit split may develop. In any event, the value of term policies with a conversion privilege has likely been reduced in the market, especially policies that may be subject to litigation within the Ninth Circuit, which is an unfortunate side effect that will negatively affect primarily individual owners of term policies who no longer want or need those policies.

Attorneys for the plaintiffs and defendants in these cases did not take the opportunity to comment prior to publication.

Pricing in the Unknown: Why Mortality Models Aren't Ready for MCED Tests Just Yet

Author:
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Longevity & Mortality Investor

Any time there is new or emerging technology that might impact mortality curves, the insurance industry takes notice. And the promise of multi-cancer early detection (MCED) technology certainly ticks that box.

However, the data from the field's most high-profile trial suggests that the technology has yet to produce the definitive 'signal' required to influence long-term mortality modelling.

The NHS-Galleri trial, a three-year study involving 142,000 participants, aimed to demonstrate that multi-cancer early detection (MCED) could significantly reduce late-stage (Stage III and IV) cancers. GRAIL, the biotechnology company that produces the Galleri test, announced in February that the trial didn't meet the primary endpoint.

> "There's unfortunately no way to get around the mathematical reality that when you do a test in a low-risk population, the positive predictive value is negatively affected... you can't really do anything about that except make a test that's so good that it virtually never calls anybody positive when they're negative and negative when they're positive"
> - Dr. Steven Rigatti, Rigatti Risk Analytics

The bar in the medical field is high, however, and the results weren't entirely without merit. Despite the primary endpoint miss, GRAIL maintains that the data reflects a "favorable trend" in specific areas. In an emailed statement to *Longevity and Mortality Investor*, a GRAIL spokesperson noted that while the trial didn't meet the initial goal of reducing combined Stage III and IV cancers, the data showed a more than 20% reduction in Stage IV diagnoses for 12 deadly cancers over repeated rounds of screening.

The company also highlighted a decrease in cancers first identified during emergency room visits—a factor often linked to higher costs and worse patient outcomes. GRAIL expects to provide more detailed results at the ASCO 2026 Annual Meeting at the end of May.

For the insurance industry, however, the news serves as a practical illustration of the gap between clinical promise and the actuarial hurdles around screening broad populations. Even in areas where cancer screening is more established, such as with mammograms, the challenge of 'noise' in the data persists; false positive results can lead to unnecessary and/or costly follow-up interventions.

The difficulty is compounded when shifting from diagnostic testing to screening a low-risk, asymptomatic population such as the one in the Galleri trial. In these groups, the lower prevalence of disease statistically reduces the reliability of a positive result, which is a hurdle that is amplified when testing for multiple types of cancer simultaneously.

"There's unfortunately no way to get around the mathematical reality that when you do a test in a low-risk population, the positive predictive value is negatively affected," said Dr. Steven Rigatti, an independent life insurance medical director and Founder of Rigatti Risk Analytics in Connecticut.

"It's just math – you can't really do anything about that except make a test that's so good that it virtually never calls anybody positive when they're negative and negative when they're positive. That's extremely hard to do."

Despite any statistical challenges, the industry continues to model the potential upside of a successful rollout of MCED technology. In a study of the likely impact of MCEDs on mortality and morbidity in the UK, the US, and Hong Kong, reinsurer RGA concluded that earlier detection could result in a measurable shift in mortality curves.

"Results from mortality impact modeling suggest a tangible reduction in mortality rates, with the greatest reductions in cancer mortality occurring at the ages with the highest expected screening rates," the report stated.

However, the report also introduced significant caveats regarding over-diagnosis and over-treatment, which are factors that could complicate morbidity claims and healthcare costs. RGA also raised the critical question of clinical utility: the benefit of early detection is significantly diminished for cancers that currently lack effective treatment paths.

The conclusion for insurers is one of continued vigilance rather than immediate action.

“The full extent of the possible benefits and harms... are not yet known, and a cost-benefit analysis of performing the tests has yet to be carried out,” the report noted, suggesting that the era of MCED-adjusted pricing is not yet here.

That sense of caution permeates the discussion around MCEDs. For mortality and longevity modelling, the challenge lies in distinguishing between life-extending intervention and the detection of "incidental" tumours. These slow-growing, non-lethal cancers might never have caused symptoms or death, meaning their detection, while technically a success for the test, might lead to unnecessary treatment without actually shifting the mortality curve.

Furthermore, the current economic requirements for repeated MCED testing may present a barrier to the consistent, multi-year monitoring necessary to produce a robust longitudinal data set. Without high-frequency, widespread adoption across a broad cohort, the resulting data signals may remain fragmented, making the establishment of clear, long-term trends that are required to justify adjustments to mortality assumptions difficult for risk modellers.

> **“There's certainly a lot of tests out there and I'm still hopeful that somebody is going to hit on something that's more broadly useful. Would I necessarily start pricing it in [to mortality calculations]? Perhaps not. My habits, developed over years in the industry, say you want to wait to see something that demonstrates that signal”**
> **- Dr. Steven Rigatti, Rigatti Risk Analytics**

What is not in doubt is the promise of the concept, but medical science is still at the starting line of the MCED era. Given the actuarial requirements needed to include any dataset into a model, the likelihood is that it is premature to factor these early signals into longevity calculations at the moment.

“It’s a slippery target. Things are proving that detecting occult cancer in people is a hard job and not everybody's cancers are the same even in the same organ,” said Dr. Rigatti.

“But there's certainly a lot of tests out there and I'm still hopeful that somebody is going to hit on something that's more broadly useful. Would I necessarily start pricing it in [to mortality calculations]? Perhaps not. My habits, developed over years in the industry, say you want to wait to see something that demonstrates that signal.”

Emergence of Buy-In Deals Supports Third Biggest Year on Record for US Pension Risk Transfer Market

Author:
Greg Winterton
Contributing Editor
Longevity & Mortality Investor

A strong fourth quarter propelled the US pension risk transfer market to its third strongest year on record, as $28bn in aggregate premium drove the 2025 total to approximately $49bn.

Aggregate premium gets the headlines in the PRT space, and so the $7bn sold in the first quarter might appear to be relatively derisory on the surface, but in terms of activity, the market remained robust as the 127 contracts sold in the first quarter were only 13% fewer than in the same period in 2024.

A couple of reasons might go some way to explaining why there was a pullback at the beginning of the year. The beginning of the year is typically slower in the US market anyway as completing a transaction before the end of the year increases cost savings for a plan sponsor; PBGC premiums are based on year-end participant counts which often leads to higher transaction volumes towards the end of the year which in turn tends to keep sponsors and intermediaries busy leading into the following year.

"Buy-ins played an outsized role this year as many plan sponsors navigated elevated market and balance-sheet volatility. In an environment of economic uncertainty, buy-ins offered a more flexible, lower-commitment path to de-risking" - Keith Golembiewski, LIMRA Annuity

But also, in 2024 a handful of class action lawsuits accusing some companies of not selecting the safest annuity available likely gave some in the market reason to pause.

"It would be fair to say that corporations considering a jumbo ($1bn+) retiree-only transaction may have taken a wait and see approach following the lawsuits," said Alex Gagnon, Vice President and Head of Distribution at insurer Banner Life.

"This would explain the lower premium volumes, though the number of transactions in early 2025 was relatively similar to that of 2024."

Still, the market kept on keeping on and ended up with the bronze medal on the all-time aggregate premium table – an increasing percentage of which was the buy-in transaction.

Long a feature of the UK PRT market, this transaction type has, aside from a handful of transactions here and there, largely been absent from the US space, but has begun to gain momentum recently.

"Buy-ins played an outsized role this year as many plan sponsors navigated elevated market and balance-sheet volatility. In an environment of economic uncertainty, buy-ins offered a more flexible, lower-commitment path to de-risking: they allowed sponsors to transfer asset and longevity risk to an insurer while maintaining plan administration and keeping liabilities on the balance sheet," said Keith Golembiewski, Assistant Vice President and Head of LIMRA Annuity Research.

"In 2025, we saw more plan sponsors seek buy-in contracts to lock in rates and start the multiyear process of plan termination. This trend reflects both the maturity of the PRT market and the evolving ways sponsors are managing risk in today's environment."

Indeed, buy-in sales were a record-breaking $12.7bn in Q4 last year across seven contracts, a 600% increase on 2024. For the year, new buy-in premium totalled $17.5bn, up 372% from 2024 sales. US carriers reported 17 buy-in contracts in 2025, representing a 70% increase year over year.

This development is not a surprise to those in the market and therefore, not a one-off. Elevated activity in buy-in transactions is expected to be a feature of the industry in the US going forward.

"This is something we have been anticipating for a couple of years as plan termination volumes have continued to increase and sponsors have looked for ways to de-risk earlier in the plan termination process," said Gagnon.

"We have historically seen a limited number of buy-ins in a given year but in 2025, we saw significant growth. 2026 indicates this trend will continue with 14 currently expected in the market with the expectation for 2026 to overtake 2025 as the year with the most buy-ins yet."

Similar to its UK cousin, all signs point to 2026 being another year of robust activity.

Asset manager L&G's Pension Solutions Monitor estimates the health of a typical US corporate defined benefit pension plan; last month, while the funding ratio dropped, largely as a consequence of the struggles of public equity markets, it remains above par at 104.7% (and has been above water every month in the past 12). Fully funded means ready to de-risk (financially, at least).

> **“We are very confident that buy-in activity will continue to grow in 2026 and beyond. There are two factors driving this: first, expertise from intermediaries and the streamlining of the product, making it an easier to understand product, and second, the increased appetite from insurers as more insurers now have developed a buy-in product that can meet market needs”**
> **- Alex Gagnon, Banner Life**

And there was also an increase in the number of deals coming from the mid-market in the US – plans between $100m and $500m in size, which broker Gallagher says “suggests a broader adoption of PRT strategies by a more diverse range of plan sponsors, perhaps driven by increasing financial sophistication and a greater understanding of the long-term benefits of de-risking.”

Add to those the demographic trends (more retirees, aging workers), a competitive insurer market and what seems to be stickier interest rates all provide tailwinds for the space.

Just expect to see buy-ins play an increasingly larger role.

“We are very confident that buy-in activity will continue to grow in 2026 and beyond, perhaps not in terms of premium volume since last year we saw a $10bn buy-in transaction, but definitely in terms of number of transactions,” said Gagnon.

“There are two factors driving this: first, expertise from intermediaries and the streamlining of the product, making it an easier to understand product, and second, the increased appetite from insurers as more insurers have now developed a buy-in product that can meet market needs.”

Business as Usual in UK Pension Risk Transfer Market Amid Record Low Mortality in England and Wales

Author:
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Longevity & Mortality Investor

The UK's Continuous Mortality Investigation released the latest annual update to its CMI Mortality Projections Model, CMI_2025, on 10th March, showing cohort life expectancies at age 65 that are about eight weeks higher for males and about six weeks higher for females than in the previous version of the CMI model, CMI_2024.

This year's update is expected to increase defined benefit (DB) pension scheme liabilities by 0.5% for schemes that adopt the model in place of last year's.

The core change to this year's model is that there is no core change. That happened last year, when the model underwent its most significant change for approximately a decade when it introduced an explicit mortality shock in 2020 (with a decreasing impact each year thereafter) in an attempt to better model the impact of the Covid-19 pandemic.

That this year's calculations aren't significantly different from last year's doesn't mean that the results are the same, of course, as the headline is that all-age mortality for both males and females has improved to an all-time low.

"Life expectancy under the CMI_2025 model is still some way behind CMI model predictions made in the early 2010s before the slowdown in UK longevity improvements took hold...Still, updating mortality assumptions will typically bring about a small increase in liability values for schemes with an actuarial valuation this year compared with the CMI_2022 which is likely to have been used for the previous cycle of triennial valuations"
- Stephen Caine, WTW

The results are of little surprise to actuaries.

"Unless there is an extraordinary event like Covid-19, we expect there to be improvements in mortality generally," said Stephen Caine, Head of Mortality at WTW.

"The rate that global lifespan has increased by in the last two centuries has been consistent - around 2.5 years for every 10 years that passes. Better diets, better healthcare, new medical treatments all contribute to what is a longstanding trend and the last couple of years we have seen a continuation of that trend."

DB schemes in the UK must undergo a triennial valuation, a process that assesses if the scheme has enough assets to meet its liabilities. Those set for their check-up this year likely used CMI_2022 in their last assessment, when all-age mortality was higher, so, while current insights show lower mortality than was predicted 15 years or so ago, with Brits expected to live a little longer (according to this updated model), the valuation class of 2026 face slightly higher liabilities.

"Life expectancy under the CMI_2025 model is still some way behind CMI model predictions made in the early 2010s before the slowdown in UK longevity improvements took hold," said Caine.

"Still, updating mortality assumptions will typically bring about a small increase in liability values for schemes with an actuarial valuation this year compared with the CMI_2022 which is likely to have been used for the previous cycle of triennial valuations."

A topic du jour in the UK's DB pensions world currently revolves around whether or not to run-on their scheme to extract any surplus that they might have over and above their liabilities.

But while this new data implies extra cost, Alan Greenlees, Professional Trustee at ZEDRA, says that it is unlikely to sway many schemes away from any decisions they might already have made.

"For many schemes, the latest news will likely be a painful reminder that there are some risks against which they cannot hedge and such changes highlight the importance of run-on strategies having sufficient guardrails and contingencies in place," he said.

"Run-on strategies that are well devised with clear frameworks are also likely to have unambiguous instructions on how, and when, surplus is to be recognised, so while movement in mortality assumptions may reduce or delay how surplus is distributed between sponsors and members, trustees and sponsors who have signed up to such run-on strategies will have been well briefed on the contingencies in place, the upside and downside risks and implications of not hitting funding level targets. I do not expect a change in mortality outlook alone to cause any advisors or sponsors to fundamentally change their endgame strategies."

Those schemes that have already made the decision to purchase a bulk annuity buy-in or buy-out will have likely been told about the importance of getting their scheme data ready so that insurers can provide timely and accurate quotes for the premium. Schemes facing higher liabilities might be forgiven for using this latest news as added incentive to complete this task quicker, but that's not necessarily the case.

> **"Schemes are aware of the importance of data preparation and crucially, the pricing impact that this can have if it is available...This is also one area of the pensions market which sees a lot of innovation, with AI and more sophisticated tracing methods yielding more promising results, so I expect there to be a muted impact of changing mortality on data preparation for a buy-out" - Alan Greenlees, ZEDRA**

"Schemes are aware of the importance of data preparation and crucially, the pricing impact that this can have if it is available. This is one of the core reasons why we see more schemes buy administration and data projects as priorities in their strategic plans. This is also one area of the pensions market which sees a lot of innovation, with AI and more sophisticated tracing methods yielding more promising results, so I expect there to be a muted impact of changing mortality on data preparation for a buy-out," said Greenlees.

Some £500bn of liabilities has now been transacted in the UK's PRT market. WTW expects £70bn worth of premium to be written this year between bulk purchase annuity transactions and longevity swaps.

That is a huge sum by any definition and provides fuel for those that say the capital markets need to become larger players in absorbing some of this risk. And the regulator in the UK is currently working on ways to create a more defined regime for capital markets participation in life insurance. In November last year, regulator the Prudential Regulation Authority, published DP2/25 – Alternative Life Capital: Supporting innovation in the life insurance sector, a consultation paper that set out the PRA's thoughts.

At the time of publishing, the PRA has not provided an update (the consultation closed in early February). But regardless, Gemma Millington, Senior Pensions Risk Transfer Director at WTW, says that the market is working just fine the way it is.

"We don't see the capital markets as a place to manage longevity risk," she said.

"There is plenty of reinsurance capacity – around a dozen participants in the market for UK longevity risk are providing significant capacity. They all have a reason for taking it as a diversifier to other risks such as life insurance, and non-life risks. We're seeing good pricing from the reinsurers thanks predominantly to higher gilt yields bringing down risk premia, as well as reinsurers generally becoming more adept at executing these deals which is bringing down costs."

Lower pricing from reinsurers means better pricing for DB scheme sponsors – but lower mortality rates means higher pricing for DB sponsors. Which one wins? Is there going to be a discernible impact on activity in the UK's PRT market as a consequence of continuing falls in mortality?

"We might expect a slight increase in pricing but not a step change. The main reasons driving annuitisation is the reality of many trustees' seeing insurance as the best long-term home for pension scheme member benefits," said Millington.

"Sponsors want to remove governance and liabilities, and the strong funding position of schemes generally means they can afford a de-risking solution. Insurers are often viewed as safer homes for these liabilities. I don't think there's going to be any material impact on the volume of business being transferred for these reasons."

Better Understanding of Alzheimer's Is Improving Lives if Not Actuarial Assumptions – Yet

Author:
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Efforts to find treatments that slow or prevent Alzheimer's disease are making good progress, but the complexities of tackling the illness are making it difficult to estimate what impact they will have on future mortality rates.

A new report by reinsurer RGA on the current state of play in Alzheimer's research stated that a combination of disease-modifying therapies and better understanding of the causes and progression of Alzheimer's "point to a future that is cautiously but meaningfully brighter".

Nevertheless, its authors said that the likelihood of these developments substantially improving life expectancy was low because other more deadly diseases are still extant.

> **"Most experts agree that disease-modifying treatments for Alzheimer's disease slow clinical progression but do not generate large reductions in all-cause mortality rates...However, reductions in Alzheimer's-specific mortality do not translate one-for-one into reductions in all-cause mortality. All-cause mortality rates must reflect individuals' exposure to cardiovascular disease, cancer, infections, frailty-related concerns and other age-associated risks"**
> **- Richard Russell, RGA**

"Most experts agree that disease-modifying treatments for Alzheimer's disease slow clinical progression but do not generate large reductions in all-cause mortality rates," co-author Richard Russell, Vice President, Biometric Research, Global R&D at RGA told *Longevity and Mortality Investor*.

"However, reductions in Alzheimer's-specific mortality do not translate one-for-one into reductions in all-cause mortality. All-cause mortality rates must reflect individuals' exposure to cardiovascular disease, cancer, infections, frailty-related concerns and other age-associated risks."

Scientists estimate that the disease, the single most prevalent form of dementia, afflicts 35 millionto 45 million people worldwide and is set to increase threefold in the next 25 years, the report said.

Ironically, the advances that are helping doctors better tackle the disease are also making it harder for actuaries to predict future patterns of affliction and how that might affect overall life expectancy.

Published last month and entitled *Alzheimer's Update: Progress against a progressive disease*, RGA's report stated that frequent changes in treatments, diagnostics, detection rates and factors including reporting bias make "the interpretation and modelling of trends far from straightforward".

"Interpreting Alzheimer's trends is complicated by the fact that historical patterns reflect changes in diagnostic practices, data availability and population aging as much as changes in underlying disease risk," said Russell.

The incidence of the disease, when measured on an age-standardised basis, has declined, with US data showing age-specific dementia prevalence rates dropping by two-thirds between 1984 and 2024, the report noted, citing recent academic studies.

Improvements in some of the risk factors that are thought to cause Alzheimer's, such as reduced smoking and improved education, may have contributed to that.

Even some anomalies in the data may belie optimistic nuances. For instance, better reporting of dementia on death certificates is thought to be behind a rise in dementia-related mortality in the US, the report said.

High incidence rates recorded in East Asia, however, aren't as easily explainable.

There is better understanding of the risk factors associated with Alzheimer's too, offering pathways to reducing infection.

Sufferers' immune systems and their levels of chronic inflammation are now thought to be strong "causal mechanisms". And the impacts of variations in apolipoprotein E (APOE) genes are also better understood, making targeted treatment possible.

It is also thought that almost half of dementia cases could be reduced if a list of 14 risk factors – including hearing and sight loss, depression, hypertension and obesity – were "eliminated via lifestyle changes or population-based policy changes", the report added, citing other studies.

Advances in diagnostic tests has made it possible for doctors to identify the likely onset of the disease earlier and more accurately, the report stated. These include blood-based biomarkers and finger-prick tests.

This "could materially influence underwriting, anti-selection risk, and long-term claims patterns", the authors, who also comprised Hilary Henly, Global Medical Researcher, Global R&D at RGA, wrote.

"Actuaries will not take raw Alzheimer's trend data at face value. With the support of medical and research experts, they will work to separate the underlying disease dynamics from administrative and diagnostic artefacts and then project data and trends forward using appropriate models"
- Richard Russell, RGA

On the treatment side, studies indicate that vaccines for shingles and some other conditions have been found to substantially reduce the chances of developing dementia by countering "inflammatory or viral triggers that contribute to cognitive decline".

And despite a setback in tests on the efficacy of treating Alzheimer's with glucagon-like peptide (GLP)-1 receptor agonists – medications that are being used by diabetics and also to lower obesity – they are still thought to provide some protection against its onset.

Emerging improvements in detection and greater understanding of the disease's progression are unlikely to halt a sharp rise in the anticipated number of deaths associated with Alzheimer's over the next decade. By the mid-2030s, a larger proportion of the population than ever will enter their advanced years when dementia is more prevalent.

Also, worsening environmental hazards among the main risk factors – including air pollution – are more likely as the impacts of climate change intensify.

The best hope for making a substantial impact on the incidence of Alzheimer's would be an accurate diagnostic blood test that could be applied to the young and asymptomatic individuals exposed to key risk factors.

"In short, wide access to an accurate blood test for AD diagnosis could be transformative," the report concluded.

So where does this all lead for actuaries?

The report said they will be expected to track "the fast-moving landscape of Alzheimer's disease" and incorporate new developments into their "pricing, product design, and reserve assumptions".

"Actuaries will not take raw Alzheimer's trend data at face value," said Russell.

"With the support of medical and research experts, they will work to separate the underlying disease dynamics from administrative and diagnostic artefacts and then project data and trends forward using appropriate models."

While advances in detection and treatment won't make life easier for actuaries just yet, they do indicate that progress is being made in reducing anguish and suffering for people who contract Alzheimer's disease.

For instance, the report said that early diagnosis could improve the ability of younger people to take out life insurance.

"Early diagnosis expands the window during which patients may benefit from therapies that reduce symptoms or slow disease progression. This shift alone could significantly decrease disease progression and Alzheimer's mortality trends in future," the report said.

And even if the benefits are not seen in actuarial reports, they will be felt in sufferers' lives.

"Alzheimer's disease trends will be especially important for long-term care and critical illness, not just mortality and longevity," Russell said.

EIOPA Sets Out Views on Private Equity Ownership of Life Insurers in New Consultation Paper

Author:
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The European Insurance and Occupational Pensions Authority (EIOPA) has turned its head towards the almost zeitgeist topic of 'private equity' ownership of life insurers. On 3rd February, it published '*Consultation on supervisory statement on the authorisation and ongoing supervision of (re-)insurance undertakings related to private equity*', a new consultation paper that is "seeking to address the risks and ensure high-quality and convergent supervision of (re-)insurance undertakings related to private equity firms, considering their specific nature and risks."

While not being a Supervisory Statement as yet, this Consultation Paper could be seen as a new 'manual of expectations' for national regulators. The document covers four main areas: the PE firm's acquisition strategy and business model; governance and conflicts of interest; prudential aspects; and leverage.

> **"Private assets are not inherently good or bad, but they can be riskier when governance and investment capabilities are not sophisticated enough"**
> **- Luca Tres, Guy Carpenter**

According to Luca Tres, Head of Strategic Risk and Capital Life Solutions, EMEA at Guy Carpenter, the paper connects to prior efforts.

"There is 'fil rouge' here. This is an EIOPA supervisory trajectory that started with their work on run-off in 2022 and 2023. There the authority had already pointed to the growing financial investors' role in the industry and the potential implications. The current document continues that work," he said.

"Anything EIOPA touches on this document is not new. It is already the common supervisory practice in a number of jurisdictions. The real focus here seems to be convergence across supervisory practices."

The use of private credit and other alternative assets by PE-backed insurers gets a mention in the consultation. This has been a bone of contention in the US in the past few years with regards to the pension risk transfer market as class action lawsuits claiming that some plan sponsors do not select the 'safest annuity available' (as mandated by ERISA) for their de-risking partner.

The UK regulator the Prudential Regulation Authority has also weighed in on the topic, making a few comments relating to its concerns about the prevalence of the use of funded reinsurance to reinsure bulk purchase annuity liabilities.

Therefore, it is perhaps of little surprise that EIOPA also has a view but according to Tres, the debate isn't about the assets themselves.

"Private assets are not inherently good or bad, but they can be riskier when governance and investment capabilities are not sophisticated enough," he said.

The requirement for adequate expertise in asset management is not necessarily a new one per se – Article 132 of the existing Solvency II regulations is the 'prudent person principle'. And indeed, other notable takeaways from EIOPA's consultation appear to be reminders and/or variations on an existing requirement.

Among these is EIOPA's suggestion that an acquiring PE firm submit a three-year business plan to the national regulators so that they can "assess how the future business model of the undertaking will allow it to comply with the prudential requirements laid down in Article 59(1)(d) of the Solvency II Directive, especially if undertakings' revenues and/or solvency position is expected to be optimized."

EIOPA's paper also says that if the information provided is not considered sufficient, national regulators might want to think about requiring the minutes of the PE investment committee or the Board that has decided on the acquisition.

This might sound intrusive on the surface, but again, Solvency II's Own Risk and Solvency Assessment (ORSA) already requires forward-looking, multi-year business/solvency projections.

"EIOPA is not building a PE-specific regulatory regime here. What it is doing is aligning insurance supervision with how sophisticated M&A and financial supervision is already conducted in some jurisdictions and, as discussed, standardising it across member states," said Tres.

"It is worth reminding that the regulatory convergence topic across member states and their supervisory authorities is surely a key priority for EIOPA. This document is part of that trajectory," he added.

The consultation paper covers other topics, of course. Governance and conflicts of interest being another significant one (where EIOPA wants to ensure that asset management decisions remain independent, for example) and comments on leverage, capital enhancements and financing (EIOPA requires stress testing of debt repayment, scrutiny of liens/pledges, tailored reporting, and ORSA scenarios to protect solvency and liquidity).

> **"This is not a compatibility issue. EIOPA isn't saying that private equity funds and other asset managers can't be players in this market. EIOPA's guidance reads more like a supervisory reminder: where ownership structures are complex or incentives could favour value extraction over resilience, supervisors should increase scrutiny. It's essentially a nudge — perhaps amplified because the issue is topical"**
> **- Luca Tres, Guy Carpenter**

Responses to EIOPA's consultation are due at the end of April and it would not be a surprise if responses are plentiful. But for Tres, if you dispassionately look at the paper, it's not anti-private equity.

"This is not a compatibility issue. EIOPA isn't saying that private equity funds and other asset managers can't be players in this market. EIOPA's guidance reads more like a supervisory reminder: where ownership structures are complex or incentives could favour value extraction over resilience, supervisors should increase scrutiny. It's essentially a nudge — perhaps amplified because the issue is topical," he said.

EIOPA had not replied to the offer to provide a comment prior to publication.

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Better Mortality Analytics Will Unlock the Next Phase of Life Settlement Growth

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> "Mortality modelling, valuation methodology and experience reporting have evolved more slowly than the market itself. That creates an opportunity: participants who invest in better analytics now will be better placed to attract and retain institutional capital over the next decade"

The life settlement market is arguably in a strong position. The 2025 ELSA–Conning Investor Sentiment Study confirms what market participants already sense: over half of investors rated satisfaction at nine or ten out of ten, more than a third plan to increase exposure, and life settlements are increasingly classified within institutional "resilience buckets" alongside private credit and real assets. The diversification case is well understood, the secondary market has matured significantly, and investor demand continues to grow.

The question facing the industry now is not whether the proposition works, but whether the analytical tools are keeping pace with the capital flowing into it. Mortality modelling, valuation methodology and experience reporting have evolved more slowly than the market itself. That creates an opportunity: participants who invest in better analytics now will be better placed to attract and retain institutional capital over the next decade.

The Constant Mortality Multiplier: Where It Works and Where It Falls Short

The dominant approach to modelling impaired mortality in life settlements is the constant mortality multiplier (CMM). A base mortality table, typically the 2015 VBT, is scaled by a flat multiplier to match a third-party life expectancy estimate. A multiplier of 200%, for example, assumes the insured will die at twice the base rate at every future age. The appeal is simplicity, and for many applications, the CMM has served the industry well as a workable approximation.

Where the CMM falls short is in capturing how impaired mortality behaves over time. For many impairments, excess mortality is highest following diagnosis and then decays over time as the individual either succumbs to or survives the acute phase of risk (this is particularly pronounced in cancer and cardiovascular disease). A flat multiplier cannot capture this dynamic because it applies the same scaling factor at every future age and therefore copies the mortality shape of the underlying VBT table (built for standard health insureds). It cannot produce a pattern where excess mortality is high initially and then fades over time.

The 2015 VBT compounds this effect. It embeds a strong select effect (a period of lower mortality rates in the first few years after policy issue underwriting, reflecting the health screening that took place) which is appropriate for newly underwritten lives on the primary market but is less appropriate for policies that have been in force for decades with insureds having high levels of impairment. There may be a select effect for policies transacted on the secondary market, but it is not comparable in magnitude. Applying a constant multiplier to this base produces curves that tend to overstate mortality in later durations and understate it in early durations relative to what the data shows. This is not a flaw that invalidates the CMM for all purposes, but it does create predictable patterns in fund performance that are worth understanding.

Understanding the Fund Performance Lifecycle

A recognisable pattern occurs across the life settlement market which is a mechanical consequence of how the CMM interacts with a maturing portfolio and understanding it is the first step to managing it.

Early Years: Strong Reported Performance

The CMM's early duration mortality profile expects insureds to survive, so monthly survival probability sits close to 100%, which has the impact of reducing life expectancies at the rate of close to one month for every month elapsed. This means that policy values appreciate at close to the maximum rate, which supports higher portfolio valuations. And with very low expected mortality in early durations, even modest actual deaths produce actual-to-expected (A/E) ratios well above 100%. These are features of the modelling framework.

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Mid Life: Performance Moderates

As the portfolio matures, these dynamics shift. Because the CMM now produces expected mortality that is higher in later durations, monthly survival probability drops significantly below 100%, so aged LEs reduce by less than a month per month, and therefore, policy appreciation slows. A/E ratios can fall below 100% as actual mortality falls short of the model's higher expectations.

The LE Refresh Challenge

This is where the CMM creates its most counterintuitive dynamic. Life settlement portfolio managers might want or need to refresh the life expectancy estimates on the insureds in their portfolio because they may be several years old. Under the CMM framework, this creates a compounding effect.

First, because the model consumed LEs aggressively in early durations (close to one month per month), fresh estimates will, on average, come in longer than the current aged LEs, all else being equal, because market underwriters don't use the 2015 VBT in their estimates and apply life settlement-based tables which don't share the same steep slope for impaired mortality.

For example, as life expectancy is calculated as the sum of all future probabilities of survival plus a half, if a month with very close to one survival probability has elapsed, this reduces the life expectancy by almost a whole month. Aggregated across several years, this produces a material difference and write down: longer LEs mean longer expected time to maturity, higher premium payments and lower present values.

Second, the fresh LE requires solving for a new constant multiplier, which resets the mortality curve, and so expected mortality is once again lower in the near term.

The practical consequence is that LE refreshes under the CMM can produce valuation hits that are disproportionate to the actual change in the insured's health. This discourages regular refreshes, which in turn means some funds carry LE estimates that are several years old. Moving to a modelling framework that reduces this effect would allow fund managers to refresh LEs more regularly, which benefits transparency and investor confidence.

Three Tools to Strengthen the Foundation

The challenges described above are not inevitable, however. They are largely a consequence of the use of the CMM, not of the asset class itself. Better analytical tools exist and adopting them would materially change the trajectory.

Durational Mortality Curves

Replacing the constant multiplier with durational mortality curves that model the actual behaviour of excess mortality over time changes each phase of the lifecycle of a policy, and therefore, portfolio. Higher assumed mortality in the earlier years means less aggressive LE ageing and policy value appreciation and easier LE refreshes, and lower assumed mortality in the later years means more sustainable A/E ratios and performance mid-term (the caveat to this is that the life expectancies need to be of an accurate length in the first place).

The result is a mortality profile that more closely reflects real experience. Early returns are more moderate, but mid-life performance is more sustainable. Most importantly, the LE refresh challenge is materially reduced: because the model does not artificially accelerate LE ageing, the gap between aged and refreshed estimates is smaller, often significantly so. Fund managers can update LEs more regularly, as good governance requires, without triggering disproportionate write downs.

A flatter curve shape also produces a higher policy valuation when LEs are relatively new, which could create additional buying opportunities and acquisition gains on the secondary and tertiary markets because the model expects a greater share of death benefits to arrive sooner, and as cashflows are discounted with time, this means less overall discounting of the death benefit.

Stochastic A/E Analysis

Adding stochastic simulation to A/E analysis transforms it from a reporting exercise into a diagnostic tool. Instead of a single A/E ratio, funds can provide confidence intervals that distinguish genuine mortality deviations from statistical noise. Instead of "our portfolio A/E ratio is 92%," a fund can state, "our portfolio A/E ratio is 92%, and the 95% confidence interval includes 100%, which falls within the expected range for a portfolio of this size and composition." This is grounded in statistical actuarial rigour rather than assertion and gives investors a framework for evaluating performance that goes beyond headline numbers.

Independent Mortality Assumption Audits

Neither curve shape analysis nor stochastic A/E achieves its full potential if produced internally because the team producing the analysis has a natural interest in the results supporting the fund's reported position, even if that interest is entirely unconscious. What would strengthen investor confidence most is a culture of independent, annual mortality assumption audits, conducted by actuarial specialists with no stake in the fund's reported performance, meaning no financial incentive to present the mortality picture in any favourable way.

"Neither curve shape analysis nor stochastic A/E achieves its full potential if produced internally because the team producing the analysis has a natural interest in the results supporting the fund's reported position, even if that interest is entirely unconscious. What would strengthen investor confidence most is a culture of independent, annual mortality assumption audits, conducted by actuarial specialists with no stake in the fund's reported performance, meaning no financial incentive to present the mortality picture in any favourable way"

This is distinct from, and more fundamental than, the valuation audit exercises that dominate current practice. Too often, mortality assumptions are assessed only in the context of whether a policy can be bought or sold at a given price, a transactional lens that overlooks a question that is fundamental to long term returns: are the mortality assumptions themselves sound?

Returns depend on many factors, including premium optimisation and deal selection, but mortality assumptions underpin all of them. A fund may report sound valuations while its underlying mortality model has not been independently tested against actual experience.

An annual mortality assumption audit, examining curve shapes, A/E experience by duration and impairment, and the statistical significance of any deviations, serves the same function as an independent financial audit: not a response to problems, but a routine discipline that builds confidence over time.

What This Means in Practice

For investors conducting due diligence, asking what mortality modelling approach the fund uses, how old the life expectancy estimates are, what would happen to valuations if LEs were refreshed and has the A/E ratio changed as the portfolio has matured are not adversarial questions; they are similar to the questions any sophisticated investor would ask about any long duration, illiquid asset class.

For fund managers, adopting better mortality analytics is both a challenge and a competitive opportunity. Moving to durational curves may moderate early reported returns relative to competitors still using the CMM. But a fund built on more accurate mortality analytics will deliver more consistent returns, encounter fewer LE refresh shocks, and therefore, build deeper investor trust. In a maturing market, the fund that can demonstrate stable, analytically defensible performance is well positioned to attract the next wave of institutional capital.

"The life settlement asset class is fundamentally sound. Investor demand is growing, diversification benefits are real, and the resilience characteristics that attract institutional capital are genuine. The analytical tools to support the next phase of growth already exist. Durational mortality curves, stochastic A/E analysis and independent mortality assumption audits provide a path to stronger investor confidence and more sustainable fund performance"

The Industry Is Ready

The life settlement asset class is fundamentally sound. Investor demand is growing, diversification benefits are real, and the resilience characteristics that attract institutional capital are genuine. The analytical tools to support the next phase of growth already exist. Durational mortality curves, stochastic A/E analysis and independent mortality assumption audits provide a path to stronger investor confidence and more sustainable fund performance. The trade-off is more moderate early returns and increased annual expenditure on independent review, but these are investments in long term credibility, not costs. The investors who allocate capital to the fund managers who move first will benefit most.

Liam Bodemeaid is Founder & Principal Actuarial Consultant at **Paragon Longevity Analytics**

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Q&A

Brandon Marz
Co-Founder & Chief Strategy Officer, LifeRoc Capital

Author:
Greg Winterton
Contributing Editor
Longevity & Mortality Investor

The life settlement's secondary market sees significant deal flow from advisors such as attorneys, CPAs and financial planners. *Greg Winterton* caught up with **Brandon Marz**, Co-Founder and Chief Strategy Officer at **LifeRoc Capital**, to get his thoughts on the 'state of the market' for this cohort as it pertains to life settlements in this month's Q&A.

GW: Brandon, while we're well into 2026 now, let's start with a look back to last year and the start of this one. What are you seeing generally in terms of secondary market activity levels compared to the previous 12 months? And what's driving that?

BM: This year is off to a solid start in terms of activity in the secondary market generally and I think we're seeing an uptick generally compared to last year.

It is clear that the meaningful increase in industry-wide efforts to educate policyowners about life settlements is driving the increasing activity. Television, radio, and digital advertising have all expanded, helping raise broader awareness of the option.

At LifeRoc, we're more focused on the advisor cohort, and we've seen noticeable increases in not only the awareness level of these firms in the past few years but also the knowledge level about life settlements and we think that this is feeding into the market - as we begin 2026, we are seeing the highest level of case submissions in our history at LifeRoc.

All this said, the reality is that most policyowners are still unaware that their policy may have significantly more value than the carrier's cash surrender value. Many individuals purchase life insurance for sound reasons, but over time their needs change or the policy becomes unaffordable and so while activity is trending in the right direction, the industry at large needs to continue to ramp up its educational efforts.

GW: We know that a huge volume of potential origination is lost every year simply because policies lapse or are surrendered. From your perspective, what is the biggest hurdle in 'originating' awareness among financial intermediaries who may still view life settlements as a niche or last-resort option?

BM: Again, education is the biggest hurdle. We work closely with advisors across the country to help them understand when a life settlement may be appropriate and which clients may qualify so that advisors are equipped to incorporate the life settlement conversation into their regular annual client reviews and practices.

It's critical that this education happens before it's too late — before a client unknowingly lapses or surrenders a policy that may have had significant value. This happens far too often.

GW: When originating through intermediaries, you often deal with insureds who are high-net-worth individuals with sophisticated estate plans. How does originating deal flow from this specific demographic influence the way investors and asset managers model longevity risk?

BM: The life settlement market originally developed within the high-net-worth segment and now benefits from decades of actuarial experience with this specific demographic. As a result, third-party life expectancy providers and asset managers have developed specialized actuarial tables and mortality improvement methodologies designed to better assess how mortality trends may evolve within this cohort.

Equipped with these more sophisticated analytical tools, investors are able to evaluate risk with greater precision. This has helped sustain strong and growing demand for policies originating from the high-net-worth market.

Continued on next page...

GW: What changes in the buy-box from your buyer network have you observed in the past 18-24 months? What has driven that, and are these changes permanent?

BM: When the industry first emerged, most investors focused primarily on viatical settlements — policies on insureds who were terminally ill with life expectancies of 24 months or less. Today, the market has evolved significantly.

One of the most notable shifts over the past 24 months has been the growing participation of institutional investors seeking to acquire policies on healthy insureds with longer life expectancies, particularly those structured to provide strong principal preservation.

This increasing institutionalization of the market has helped drive down the cost of capital while significantly expanding the pool of policies that qualify for investment. As a result, investors are able to better manage downside risk while improving the predictability of future cash flows.

GW: How does LifeRoc integrate AI into its operation – if at all? Indeed, do you find that high-value secondary market cases still require a high-touch, relationship-based approach with the advisor cohort?

BM: LifeRoc Capital has prioritized technology since the firm's inception. We have a dedicated team of full-time software engineers focused on integrating AI across our platform to enhance organization, improve decision-making, and optimize workflows.

AI plays a meaningful role in our daily operations. One clear example is the review of medical records. In the past, creating comprehensive medical profiles required team members to manually review hundreds — and often thousands — of pages of records, a process that could take hours and involve multiple individuals.

Today, AI can analyse thousands of medical pages and generate a detailed summary in just minutes. What once required significant time and manpower can now be completed with far greater speed and efficiency.

That said, high-value cases always require a human touch. Our experienced professionals carefully review and validate all AI-generated outputs to ensure accuracy, judgment, and quality remain at the forefront of everything we do.

GW: Lastly, Brandon, what's your view of how the rest of the year might play out in the secondary market? Do you think the activity levels you've seen at the beginning of this year will rise, fall, stay the same – and why?

BM: While I don't have a crystal ball to predict exactly where the market is headed, I can share what we're seeing in real time. Several of the largest asset managers we work with have raised significant capital in recent quarters and currently have meaningful dry powder to deploy. This level of committed capital positions the market for a strong second half of the year, with momentum that we expect to extend well into 2027.

That said, we also see certain segments of the market that remain undercapitalized, creating compelling opportunities for investors and asset managers to deploy capital at attractive risk-adjusted returns.

Education continues to drive awareness and supply. As more firms educate advisors and consumers about life settlements, more policies are coming to market, expanding deployment opportunities. We're one of the largest originators in the market and we are seeing continued growth in policy flow because of the greater awareness, and we are seeing growing institutional interest from investors who value life settlements for their alternative profile and historically low correlation to traditional markets.

We would not be surprised to see additional alternative asset managers entering the space over the next year as they seek exposure to this growing asset class.

Brandon Marz is Chief Strategy Officer & Co-Founder at **LifeRoc Capital**

Is the Secondary Life Insurance Market in the UK Set To Re-Emerge?

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The secondary life insurance market in the UK has been essentially doomed to run-off since 2000 when British Chancellor of the Exchequer Gordon Brown abolished the mortgage interest relief at source (MIRAS) program. This decision, that built on the tax relief cut under the Conservative administration in 1993, effectively sounded the death-knell for the traded mortgage endowments market, given that no new issuance was occurring in any significant volume.

Fast forward to 2026, and this market – officially called the traded endowment policy (TEP) market – has now largely run-off.

But from the ashes of the TEP market, a new secondary market for life insurance policies in the UK could be about to emerge.

That it hasn't yet is not due to any regulatory/legal issues. The Policies of Assurance Act 1867 gives UK policyholders the statutory property rights to their policies and therefore the ability to assign them to a third party and indeed, the UK taxman publishes guidance on what the taxes are if there was such a sale or assignment of a UK policy, or part of a policy, for value.

> **"A big part of the reason why the UK doesn't have a market similar to the US is because the vast majority of life insurance policies in Britain are term life, as opposed to permanent life insurance... The US model needs the runway that permanent life insurance provides. That model won't work in the UK because the amount of permanent life insurance isn't high enough to make a market"**
> **- Devam Sukhija, Pembridge Life**

So, why hasn't it, then? After all, the general consensus is that the first-ever 'life settlement' transaction occurred in the UK in 1844 when Foster & Cranfield held an auction of life policies, so the country predates the United States in the creation of a secondary life insurance market.

"A big part of the reason why the UK doesn't have a market similar to the US is because the vast majority of life insurance policies in Britain are term life, as opposed to permanent life insurance in the US market," said Devam Sukhija, CEO and Founder of Pembridge Life.

"The US model needs the runway that permanent life insurance provides. That model won't work in the UK because the amount of permanent life insurance isn't high enough to make a market."

So, a new approach is needed if there is any chance of a market emerging in the UK.

One way is to take a systematic hedge fund-type approach, where traditional medical underwriting that is commonplace in the US market is eschewed in favour of a model that purchases enough policies at the right price so that the general population mortality curve provides enough death benefit to deliver a profit over the costs associated with policies that eventually lapse.

"There are two main differences with this approach compared to the US market. First is that the medical underwriting function in the US enables investors to be more precise about what they are paying for because they can model any health impairments, which also means they can pay more for a policy," said Sukhija.

"But when you buy term life insurance without doing any medical underwriting, you need to assume everyone is healthy, so you pay less. Second, because most term insurance policy premiums are fixed or adjusted for inflation through a fixed RPI-linked agreed formula, there is no cost of insurance increase risk like there is in the US market, so your maximum loss is known at the time of purchase. You have to get the model right based on standard mortality tables but there are more knowns than unknowns in this model."

Whilst the model might be different, the challenge is still getting it right, just as US life settlement investors must do if they are to profit from their investment. And another similarity between the UK and US markets lies in the consumer awareness challenge, which is arguably more difficult in the UK due to its less developed nature.

"I think this is the more difficult of the two challenges here because no-one apart from us is doing it, although we do expect more people to enter the space over the next few years as we gain traction," said Sukhija.

"But the intermediary market is the obvious place to start. Whether an intermediary is part of a nationwide organisation or a local independent financial advisor, they have to follow the FCA's best interest rule, but they can only follow it if they know that an option to surrender a life insurance policy for cash exists and they can only know if someone makes them aware of the option. This effort is more than educating – it's much more embryonic than that and therefore takes much longer."

> **"I find this situation quite not right that there is a huge number of people that pay into a life insurance policy, and if or when their circumstances change, such as paying off a mortgage, children growing up and moving out, or even a divorce, for example, that the insurer gives them nothing at all"**
> **- Devam Sukhija, Pembridge Life**

So, 'pounding the pavement', so to speak, in order to raise awareness would indeed seem to be the order of the day here.

Whether this works or not will not be known for a while. And the question of whether the capital markets can get involved in any meaningful way – in the sense of the creation of pooled investment vehicles to allocate capital to the market, or to securitise a pool of policies for credit investors – is a stage two question. But in the short term, for Sukhija, the evangelism angle – which the US market leans on heavily – is the way to go.

"I find this situation quite not right that there is a huge number of people that pay into a life insurance policy, and if or when their circumstances change, such as paying off a mortgage, children growing up and moving out, or even a divorce, for example, that the insurer gives them nothing at all. The value when they lapse their policy goes to the insurer straight away. We want to share that with the customer," said Sukhija.

"While it might look different from the US model, there's no reason that the UK can't have a secondary market for life insurance."

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