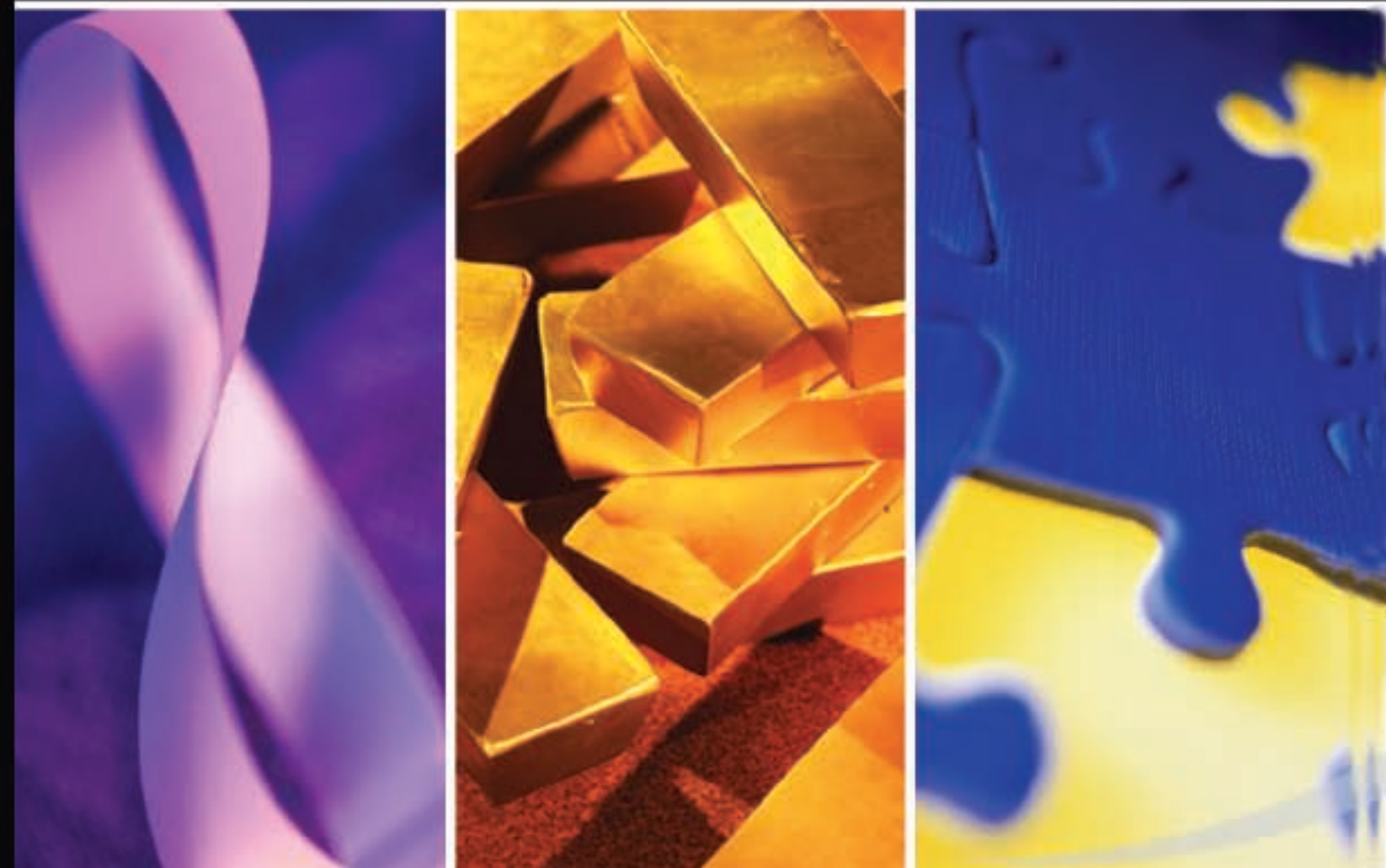




Information Memorandum

Life Settlement Solutions, Inc.
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San Diego, CA 92123

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Fax: 858-576-9329
info@lifefirms.com
www.lss-corp.com





Life Settlement Solutions, Inc. and its professional affiliates can custom design a policy acquisition program to meet your individual needs, focusing on:

- *Derivative structures*
- *Portfolio size*
- *Taxes*
- *Leverage*
- *Liquidity*
- *Domicile Issues*

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Message From Life Settlement Solutions Inc. Chairman and CEO, January 2007



Life settlements offer a rare investment opportunity to institutional investors. While maturing in many respects, the industry is still evolving and growing, providing investors with a substantial opportunity in this emerging asset class. Life settlements are one of the few non-correlated asset classes offering low volatility, minimal gap risk and above market returns.

The market is attracting the attention of many investment banks, hedge funds, private equity groups and pension plans. Industry experts anticipate the securitization of the asset class within the next year, which makes proper portfolio construction critical as it could impact the future ability to trade securities. When working with an originator, it is imperative to utilize a team with vast experience in the field. Life Settlement Solutions’ management team is comprised of experts in the insurance, capital markets, legal, financial services, operations and systems. Our management team was among the first to bring institutional capital to the life settlement market.

The demographics of the insurance market will continue to drive the market forward, providing a plethora of benefits to current and potential investors. The demonstrated trends of inforce insurance with the aging population and the increasing awareness of life settlements have fueled market expansion and industry progression.

The regulatory climate is rapidly evolving in the life settlement industry. It is critical to partner with an organization that is an expert in industry regulations and is actively engaged in shaping legislation. Our legal team is comprised of the most expert and active people in the settlement regulatory arena in the industry. We are an active member in the Life Insurance Settlement Association (LISA) and we work in conjunction with regulators to promote industry best practices and consumer protection.

Distribution networks engaged in life settlements now expand far beyond the traditional life settlement brokerages, and now include BGAs, broker-dealers, insurance agencies, CPAs and estate planners. Life Settlement Solutions’ marketing efforts have secured a vast network of these distribution firms that supply us with a steady flow of significant volume to ensure that investor portfolio needs are fulfilled efficiently and effectively.

Institutional investors need to choose the optimal origination firm in today’s market more than ever before, due to the complex landscape of regulations, evolving distribution trends, securitization requirements and many other factors. Aligning yourself with the highest quality and most reputable originators can make the difference between a lucrative investment experience and a fruitless entry into the market.

Life Settlement Solutions offers our clients the ability to take them from product design to final collection of the last policy. We can help customers arrange, leverage, design derivative structures, analyze their portfolios and produce custom reporting as needed. Life Settlement Solutions is the expert in its field, and stands ready to meet your needs and be of service to you.

Sincerely yours,

Larry Simon

Chairman and CEO

Table of Contents

Message from the Chairman1

State of the Market4

Characteristics of a Policy Asset6

Structuring a Deal9

Why Life Settlement Solutions?14

Transaction Process16

Management26

Appendix and Frequently Asked Questions29

Summary32

This information memorandum is intended solely to serve as an informational reference for qualified institutional investors and financial professionals, and is not intended for distribution to consumers or the general public. Life Settlement Solutions, Inc. does not sell or re-sell life insurance policies or life settlement assets to individual investors or purchasers. Policies acquired by Life Settlement Solutions may be transferred to an institutional investor, or fiduciary custodian for an institutional investor, that has been pre-qualified as an “accredited investor” and/or a “qualified institutional buyer” as defined respectively in Regulation D, Rule 501, and/or Rule 144A of the federal Securities Act of 1933, as amended, or other “financing entity” as defined by the NAIC Viatical Settlements Model Act.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this information memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Company.

This information memorandum does not constitute an offer of any securities.

The delivery of this information memorandum shall not, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

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Life Settlements – An Investment Opportunity

The nascent life settlement industry has received increasing attention from investors, entrepreneurs, and the media alike. Over the past five years, the industry has grown from a few hundred million dollars in face value transacted to several billion dollars. Industry experts and research companies, such as Bernstein Research, anticipate that the industry size will triple from its current level in the next decade, affording investors dynamic opportunities to become a part of this non-correlated asset class. In May 2005, Bernstein Research projected that the settlement business could increase to as much as \$160 billion over the next few decades and updated their research in 2006 stating that the industry is on pace to achieve this result earlier than originally projected.

Life Settlement Solutions is one of the largest originators and purchasers of life settlements in the world with its management having purchased nearly \$2 billion in face value on behalf of institutional investors. Our vast distribution network, featuring broker-dealers, BGAs, master agencies, insurance company distribution insurance agencies, settlement brokerages, insurance marketing organizations and more, provide a steady stream of business to quickly fill all portfolio needs.

We are certain you will find this brochure an invaluable asset in better understanding the life settlement market, the functions each participant plays, the risk and rewards, and reasons that it is so important to make the right choice in the structure of your transaction, and in selecting the parties to a transaction.

History and Characteristics of a Life Settlement

The “life settlements” market emerged in the late 1990s, approximately 10 years after the first viatical transactions were conducted. Unlike viaticals, which cashed out policies for the terminally ill, life settlements (also known as “senior settlements” or “high-net-worth transactions”) were based on the proposition that some insured seniors no longer wanted, needed or could afford their coverage. Instead of surrendering the policy back to the issuing insurance company at less than market value, or allowing the policy to lapse and forfeiting the value, life settlements provided the policy owner another exit option that maximizes the policy owner’s value. Consequently, life settlements quickly developed into a viable and attractive alternative product, and the secondary market for life insurance was born.

Life settlements significantly differ from viaticals in two distinct respects: insured eligibility and policy characteristics. A typical viatical policy is classified as one where the insured has a life expectancy of less than two years and is terminally ill. By contrast, in a life settlement, the insured may be in moderate or even good health, with a life expectancy that is generally in excess of two years.

The face value of a typical policy sold through a life settlement tends to be much larger, with life settlement policy face values averaging around \$2 million. In most cases, the policy must have been issued at least two years prior to the life settlement transaction and be out of its contestability period.

Life settlements are based on actuarial results related to a population that typically includes individuals with life expectancies in the range of 25 to 165 months and a mortality percentage of more than 100, which reduces the standard deviation. Life insurance is a time-value instrument with the unknown element of individual term. Regardless, using statistical probability, the average life expectancy of a senior pool can be estimated with reasonable accuracy.



investment opportunity

Life Settlement Solutions has the capability to provide a start-to-finish asset acquisition program design, featuring:

- Program design
- Asset origination
- Portfolio analysis
- Servicing
- Tracking
- Custom Reporting

State of the Market

The market for senior settlements securitizations has significant growth potential. According to a 2005 Bernstein Research report, it is estimated that the secondary market for life insurance will grow to \$160 billion over the next several years. The Bernstein organization also estimates that “based on an average holding period of seven to eight years,...the expected return on a settlement is 9-13%.” {Sanford C. Bernstein & Co., LLC, Perspectives on the Life-Settlement Market (2006) pg. 9.}

It has been estimated that there were \$13 billion in total in-force life settlements transacted as of 2004, with \$5 billion of that representing transactions completed in 2004. Transactions in 2005 and 2006 are believed to have reached \$10 billion per year, doubling the volume experienced in 2004. The continued growth in this market is in part attributable to an aging population that owns significant life insurance assets, and the relatively low market penetration currently (estimated at 3%). It is estimated that an average of 47 percent of people ages 65 years and older have life insurance policies that comprise an aggregate \$416 billion in face value. These numbers are anticipated to grow substantially with the aging of the baby boomer population further increasing the size of the industry

As more and more Agents, CPAs, Attorneys, fee-based planners and Broker-Dealers enter the market there is an increasing awareness that a discussion about a life settlement with their clients is necessary to meet their fiduciary responsibility. Financial professionals have an increasing fiduciary responsibility to recommend a settlement when appropriate and to work with several high quality originators to get competitive offers for their clients. A full explanation of the deal points and commissions being paid should also be disclosed to the client.

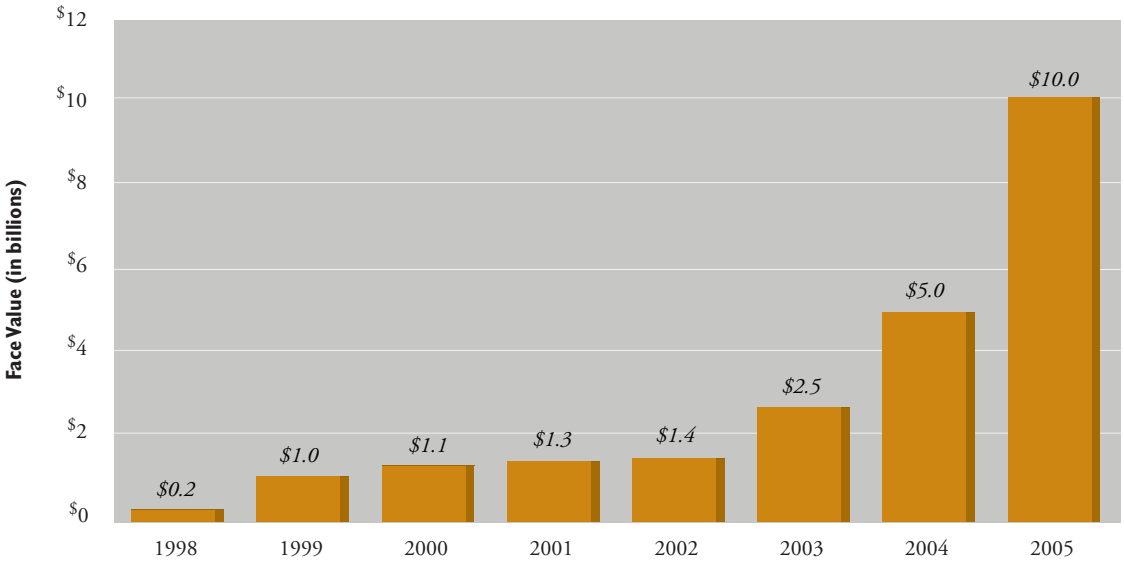
The Life Insurance Settlement Association (LISA), formed in 1995, has given the industry a voice and promotes responsible legislation and regulation of the industry. It has contributed conceptual and detailed language to actual laws governing the industry in most states throughout the United States. These efforts have resulted in improved public information, public awareness and created a competitive market place for the purpose of serving the consumer a valuable financial service.

Many of the originators today consist of well capitalized and well known companies. These companies and the industry in general have worked long and hard through the various associations (i.e., LISA and LIFA) with the NAIC, NCOIL and state legislators and regulators to bring reasonable regulations to the marketplace. As the market has grown and securitization requirements have been developed, there has been a sharp increase in new investment capital from banks, investment banks and pension funds.

Such forward movement in the industry and the increased demand for education and information led to the development of Life Settlement Awareness Month in 2006, by Life Settlement Solutions. Because of the growing demand for meaningful education and knowledge by financial professionals, LSS conducts ongoing educational events throughout the year, culminating in this month-long educational series of events designed to provide new, current and interested professionals with educational resources and sales tools. For information on this event or to access the training materials, visit www.lifesettlementawarenessmonth.com.

Estimated Life-Settlement Business Written

Market growth is expected to continue providing significant inventory so that a qualified originator like LSS can fulfill portfolio needs.



Source: Bernstein estimates.

Policyholder Rationales for Selling Life Policies

The demographic trends of senior citizens and the continued interest of consumers in purchasing life insurance will be a major factor in generating life settlement deal flow.

Seller Rationale/Reason	
Individual	
1.	Need cash for major expenses (e.g., medical treatments).
2.	Outlived need for coverage (i.e., all major expenses are paid for).
3.	Need different coverage/different features.
4.	Financial distress/unable to meet future premium payments.
Family/Estate	
1.	Change in beneficiaries (e.g., divorce, death of dependents).
2.	Second-to-die policyholder (i.e., spouse) has passed away.
3.	Material change in the value of the estate.
Business	
1.	Change in key executives/partners.
2.	Change in succession (e.g., family business).
3.	Need cash/seek to monetize assets.

Source: Corporate reports and Bernstein estimates.

Who Should Invest?

Life settlements are one of the few non-correlated asset classes available today, making it an attractive market for institutional investors such as pension plans, private equity funds, hedge funds, and major financial institutions and banks.

A typical investment structure may include a minimum of 200 lives insured under policies held in common a settlement pool or portfolio, comprised of unit trusts, leveraged private equity, derivatives, managed accounts, bonds, or hedge funds.

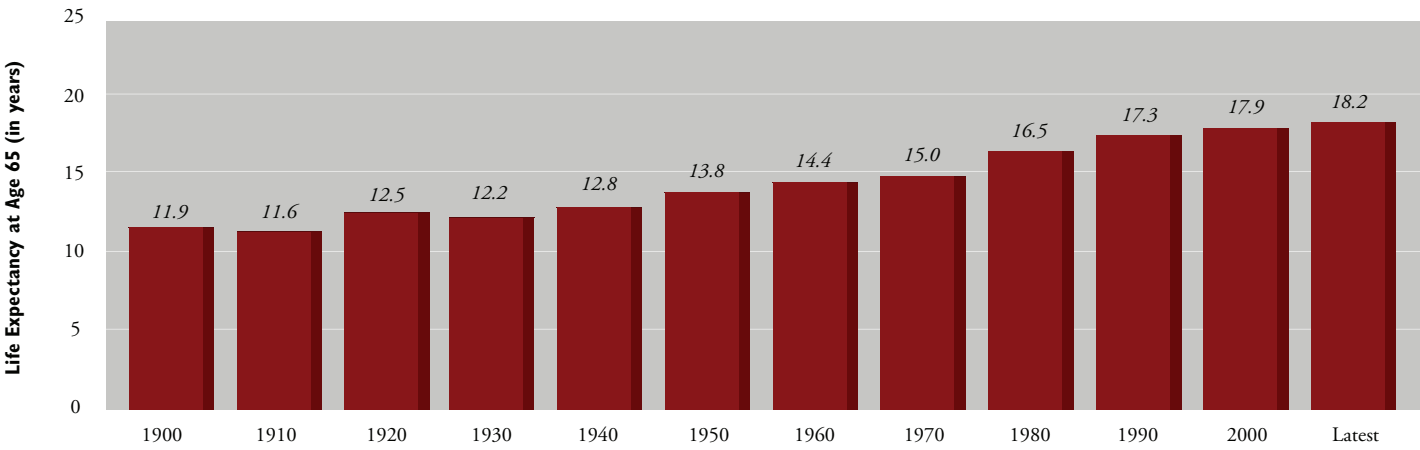
Portfolios can be tailored to meet specific needs for each institutional investor. For example, pension funds can establish buying parameters to match policy maturities and revenue to expected

pension liabilities. Banks and investment banks can diversify their portfolios with an allocation to life settlements and all investors can capitalize on the opportunity that securitization of settlement portfolios will provide. Consistent with our standing business practices, Life Settlement Solutions only works with qualified “accredited investors” and/or a “qualified institutional buyer” as defined in Regulation D, Rule 501 and Rule 144A of the Federal Securities Act of 1933, as amended.

Characteristics of a Policy Asset

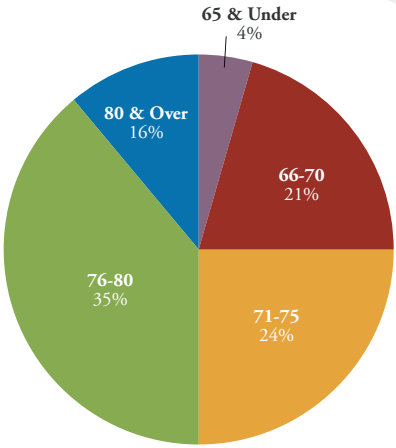
- Insured Age 65 and over; most are 75 to 85
- Approximate life expectancy of 2 to 17 years
- Most types of policies qualify including UL, Survivorship, Whole Life and Term insurance.
- Average face amount of approx. \$2,000,000; minimum requirements usually \$250,000
- Carrier rating of “AA”

Life Expectancy of Individuals Over the Age of 65



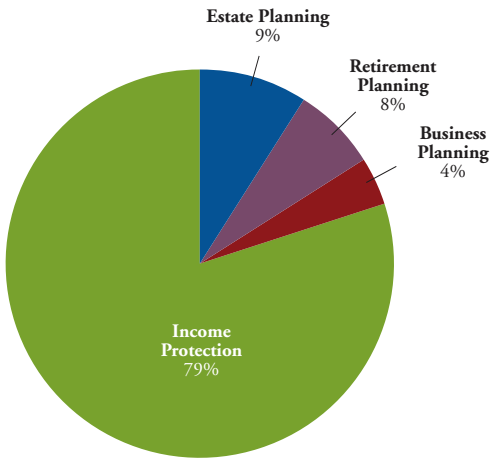
Source: CDC and National Vital Statistics Systems.

Age Distribution of the Life Settlement Clients



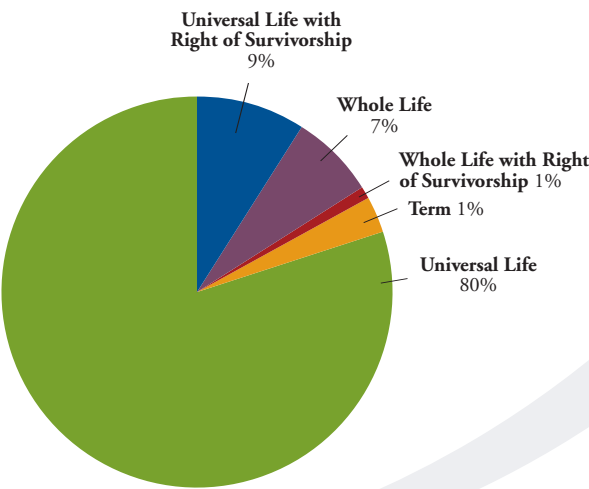
Source: National Underwriter.

Drivers Behind Life Insurance Purchases



Source: The Hartford (2003 Consumer Survey).

Policy Types by Death Benefit



non-correlated asset class

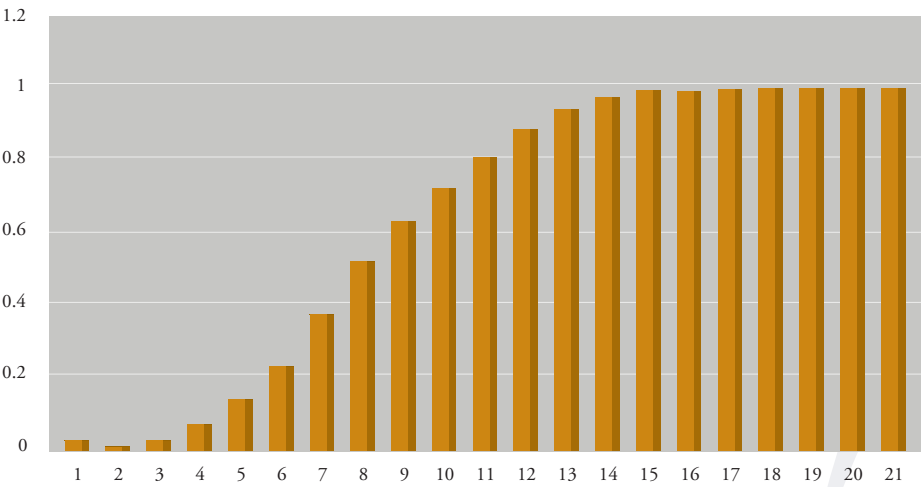


Life settlements are one of the few non-correlated assets with “AA” rated receivables and above market returns. The growing industry is known for:

- Strong secondary market
- Low volatility
- Minimal gap risk
- Above market returns
- Investment is collateralized by the policies of the insured
- Returns are non-correlative with traditional markets
- Potential for significant upside on sale of policy in secondary market

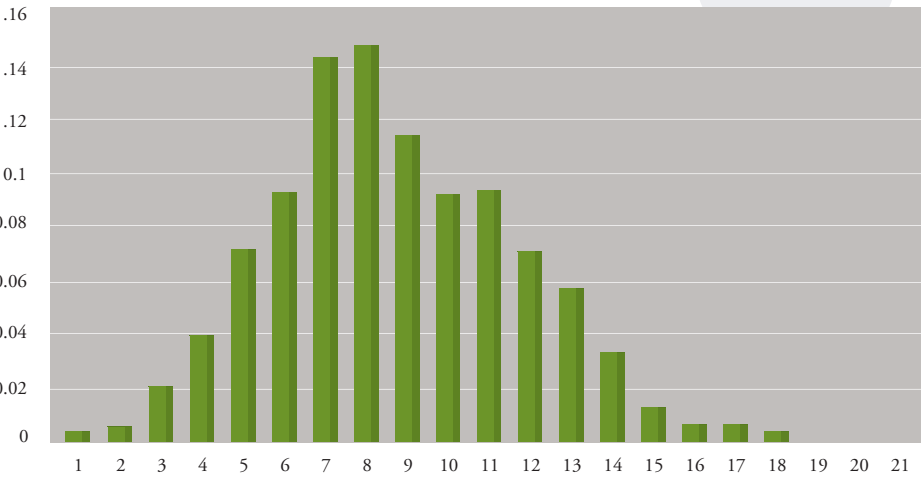
Life Expectancy Percentages

Typical inflow of cases based on 50% LE – cumulative percentage



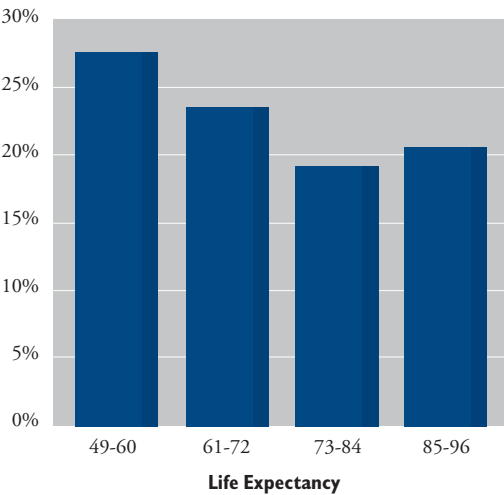
Life Expectancy Percentages

Typical inflow of cases based on 50% LE



Face Value by Life Expectancy

Sample to Typical Report



Structuring a Deal

Life Settlement Solutions has the in house expertise to walk each investor through every step of an investment deal, ensuring that that program is one that is perfectly tailored to meet their needs.

There are a number of factors that come into play when structuring a deal, including the region in which investors reside, whether

the investment capital is domiciled domestically or internationally, the number of investors, considerations related to ERISA, the length of investment, and how the Investment Company Act of 1940 impacts the transaction.

Tax Implications

When structuring an investment in life settlements, a tax professional should be consulted to advise on important issues such as dividend withholding, deductibility of interest, ordinary income, asset valuation, premium cost accounting, withholding taxes. In addition, United States trade and business issues will be a factor.

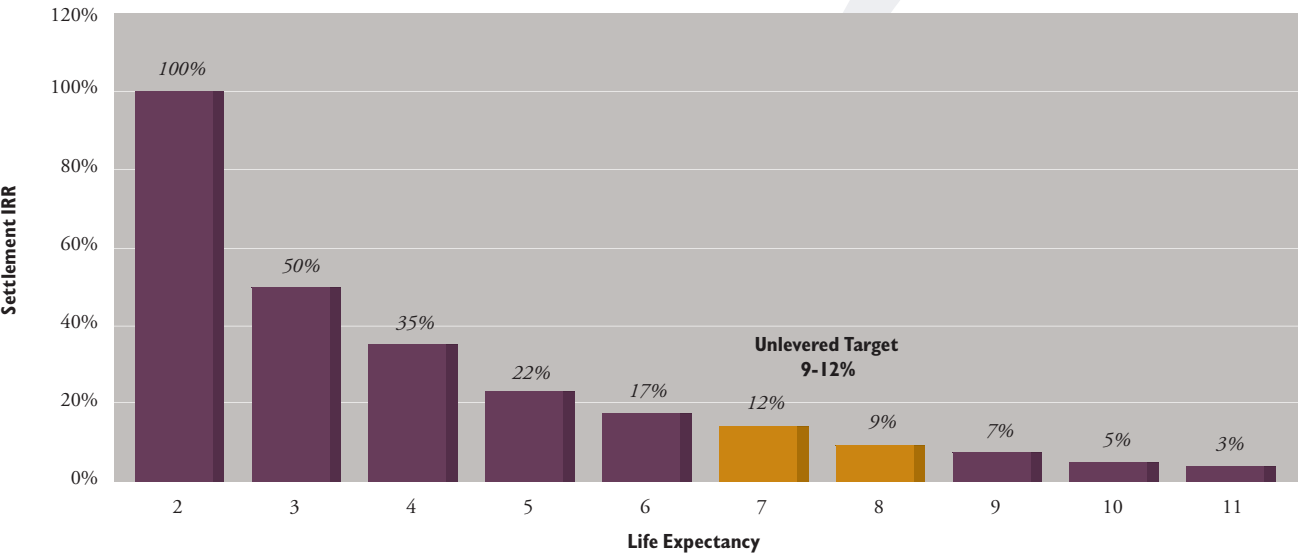
Current tax treaty countries include United Kingdom, Ireland, Netherlands, Luxembourg, Switzerland, France, Spain, Germany, Austria and Hungary.



Leverage and Liquidity

Many investment structures use leverage to maximize IRR. Leverage from a life settle- ment investment can generally structured in the amount of two-to-three times the equi- ty, depending on the structure, and will result in significant increases in IRR.

Sample IRR



Source: Bernstein Research.

Parties to a Transaction

There are a number of parties involved in a life settlement origina- tion program, including a legal and tax advisor, who handle com- plicated international structures and in depth tax issues. Actuaries are involved to develop pricing models, cash flow analysis and portfolio performance analysis. A trustee or securities intermediary typically holds ownership and beneficiary status as the fiduciary representative of the institutional investor, also serving as a collec- tion agent to receive death benefit. The investor generally appoints a paying agent for disbursement of acquisition costs, premiums and servicing fees; and a verification agent to verify policy param- eters at time of acquisition.

The life settlement provider originates and processes life settlement acquisitions on the investor’s behalf, and arranges for an escrow agent to fund transfers in regulated states. A life expectancy provider (medical underwriter) issues life expectancy reports based on the insured’s age, gender, medical impairments, one or more mortality curves.

The life settlement provider also provides post-acquisition services for policy administration and tracking services that maintain con- tact with the insured’s designated contacts and help prepare and obtain death benefits for the investor. The settlement provider will work with the investor’s paying agent in making sure premiums are paid, verifying the receipt of the funds by the carrier, optimizing premium payments, overseeing tracking services and updating annual reports and premium optimizations.

Origination Process

Life Settlement Solutions, Inc. utilizes many channels for origination of life settlement trans- actions through the LSS professional distribution network. LSS does not engage in any adver- tising or marketing activities directed at the general public or individual policy owners or insureds. LSS believes that due to the nature of a life settlement transaction, a policy owner is best served by working through his or her own insurance agent, financial planner, CPA, estate planner or attorney, who can provide individualized advice and take into account the policy owner’s overall financial and estate planning needs and goals.

As an originator, LSS helps its institutional clients in the design of a program customized for each client’s needs, taking into account such factors as the dollar size to be invested, policy sizes, insurance carrier credit ratings, life expectancies, deal structures, domicile and tax issues, trusts, etc.

A few critical factors should be considered when choosing an originator, including:

- Experience – years in business – amount of benefits and number of policies purchased
- Financial strength of company
- Ratings
- Expertise and strength of executive/management team
- Background checks – cease and desist orders – lawsuits
- Viatical history
- Business practice to work solely with institutional investors as opposed to any individual investors
- Association memberships
- Technology/Computer capability – disaster recovery plans, backup processes
- Operational efficiency and capacity to transact
- Periodic reporting services
- Disclosure policies
- Size, strength and diversity of Distribution Network
- Errors and Omissions coverage – LSS maintains “AA” carrier rated coverage
- Internal Legal Department with expertise in life settlements
- Ability to both originate and service policies
- Where can they do business? Where are they licensed?



unlevered double digit returns

Life Settlement Solutions’ vast distribution network provides significant volume of qualified settlement business to meet investor’s portfolio needs. Our mix of business can efficiently build a high-quality settlement portfolio that qualifies for a high credit rating when that portfolio is securitized. Our case flow can also meet the needs of a variety of investments portfolio architectures based on life expectancy, face amount, policy mix, etc.

Scope Analysis Provider Quality Rating: AA+

Life Settlement Solutions holds an “AA+” (Excellent Quality) rating from the Scope Group, making it one of the highest rated life settlement providers in the industry.

	Weighting Criteria	Weighting	Rating	Weighting	Rating Mark
Panel I Company	Company History	10%	90%		
	Company Structure	10%	90%		
	Market Standing	15%	90%		
	Shareholder Structure	15%	100%		
	Investor Structure	20%	90%		
	Credit Standing	15%	90%		
	Financial Strength	15%	90%		
	» Total	100%	92%	10%	AAA
Panel II Management	Operations and Process Management	30%	100%		
	Competence	25%	90%		
	Compensation	15%	100%		
	Investor Relations	15%	90%		
	Trading Activities	15%	90%		
	» Total	100%	95%	35%	AAA
Panel III Network	Medical Evaluator	25%	70%		
	Escrow Agent/Bank	15%	80%		
	Broker	30%	80%		
	Policies Pooling	30%	90%		
	» Total	100%	81%	35%	AA-
Panel IV Balance of Activities	Historical Development	35%	90%		
	Current Performance	40%	90%		
	Litigation/Conflicts	25%	100%		
	» Total	100%	93%	20%	AAA
Total		88.90%	100%		AA+

Life Settlement Solutions, Inc.	
Address	Management
9201 Spectrum Center Blvd., Suite 105 San Diego, CA 92123, USA	Larry Simon, President Gregory Schmitt, Chief Operations Officer Ronald Lofgren, Vice President of Operations Karen Canoff, General Counsel
	Products and Services
	Life Settlements
	Shareholder
	Simon Family Trust 100%
Rating Grade	AA+

Risks to Investors

Like all investments, a life settlement program also comes with risks. Investment risks include low liquidity as the investment is long-term, interest rate fluctuation, policy servicing requirements, an actively evolving regulatory landscape, origination and compliance risks, insurable interest, mortality extension and carrier credit risk.

Reasons to Invest

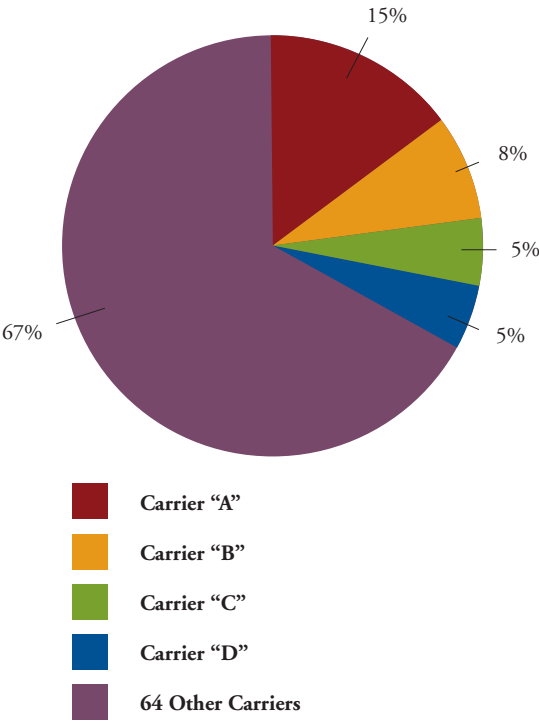
With any risk comes reward. In fact, a life settlements investment provides a non-correlated investment class, minimal gap risk, a trad-able asset in the active secondary market, insurance carriers with high credit ratings, long-term investments and above-LIBOR returns.

Life settlements are one of the few non-correlated assets with “AA” rated receivables and above market returns, known for:

- Strong secondary market
- Low volatility
- Minimal gap risk
- Above market returns
- Investment is collateralized by the policies of the insured
- Returns are non-correlative with traditional markets

Distribution by Carrier
Sample to Typical Report

As knowledge and awareness of life settlements continues to grow, the amount of business in the marketplace will increase significantly as will the diversification of the business sources.



Institutional Investors in the Marketplace

A number of well-established companies that have been active in the secondary market for life insurance, including:

- AIG
- Gen Re Securities
- Deutsche Bank
- AIB
- Dresdner
- Citibank
- ABN Amro
- Morgan Stanley
- DZ Bank
- UBS
- West LB
- Credit Suisse

Deployment of Investment Capital

The investor’s funding is used as follows:

- To fund the purchase and origination costs of senior settlement policies;
- To fund premiums related to purchased life insurance policies;
- For portfolio servicing, trustee and actuarial fees, legal, audit, and general corporate purposes, and
- To pay transaction costs.

Why Life Settlement Solutions, Inc.?

Life Settlement Solutions, Inc. – one of the oldest and most reputable life settlement providers in the industry – believes that respect is earned, not given. Our reputation is built on the highest ethical, regulatory and compliance standards, and executive-level customer service second to none. Our seasoned staff has built a vast distribution network that supplies several billions of dollars in cases each month from a variety of firms and geographies, providing LSS with the ability to fill portfolio needs quickly and efficiently.

We offer our clients the ability to take them from product design to final collection of the last policy. We can help customers arrange, leverage, design derivative structures, analyze their portfolios and produce custom reporting as needed.

As the premier settlement provider, Life Settlement Solutions has aligned itself with the best industry resources, including major funds and banking institutions, industry organizations, attorney and tax advisors, actuaries, errors and omissions coverage carriers, distribution sources, and life expectancy providers. This network of resources enables Life Settlement Solutions to tailor a custom origination structure to fulfill each investor’s asset acquisition objectives.

Executive Overview

Life Settlement Solutions, Inc., (“LSS” or the “Company”) is the premier funder in the secondary market. It was formed to originate, purchase and service life settlements.

LSS is a direct purchaser of life settlements for its clients and does not purchase policies for its own account. We will not circumvent agent-broker relationships by going direct to the retail customer. The settlement agent or broker acts as the fiduciary representative of the seller, and Life Settlement Solutions, Inc. will never attempt to interfere with that relationship.

Company Background

Life Settlement Solutions, Inc., a member of the Life Insurance Settlement Association of America (LISA), was formed to originate, purchase and service life settlements for institutional investment entities. The Management of the Company is considered a leader in the life settlement industry, having established a reliable and proven origination and closing process. Management was among the first to arrange institutional funding for the purchase of life settlements, and bring institutional principles and ethics to the market. Management believes its well-defined criteria for the purchase of such policies has become the market standard. The stan-

Comprised of experts in the insurance, capital markets, legal, financial services and operational systems industries, Life Settlement Solutions’ executive staff was among the first to bring institutional capital to the life settlement market, and helped form prominent industry organizations. Larry Simon, CEO of Life Settlement Solutions, is a founding member of the Life Insurance Finance Association, and LSS is an active member in the Life Insurance Settlement Association (LISA). Furthermore, our expert team promotes overall industry education efforts by developing and conducting continuing educational seminars and workshops at industry events, and authoring articles in trade publications on important industry issues and topics.

Each investor works with a team of executives who will tailor the transaction to fit the organization’s needs. Our nationwide sales staff is available for in-person support as needed. Life Settlement Solutions prides itself on some of the lowest turnover rates in the entire industry, making it not only a great place to work, but also a great company with which to work.

The Company’s management (“Management”) has a combined 100+ years in the insurance, financial planning, legal and investment industries and to date has purchased nearly \$2 billion of life insurance mortality benefits.

The Company’s strict adherence to regulatory and security guidelines are second to none.

dards established brought order to the marketplace, resulting in equitable pricing to both investors and sellers. These standards have offered sellers a fair market value that has been well in excess of the policies’ stated surrender value, while offering attractive opportunities for institutional investors.

LSS is the most sought-after firm for expertise and analysis, authoring articles in trade publications, attending and speaking at industry conventions, and participating with industry and regulatory bodies to set the standards of business practices in the industry.

Legal and Regulatory Matters

LSS has its own staff of in-house legal professionals dedicated to meeting the legal, regulatory, compliance and support needs of these transactions to the satisfaction of our customers. Our goal is the efficient evaluation and processing of significant volumes of case flow while observing compliance and regulatory adherence standards that are among the highest in the industry. Our legal team is recognized as an industry leader in many aspects of the insurance industry, and for legal advice on matters pertaining to regulatory issues affecting the life settlements market. This includes:

- (i) Updates on legal and regulatory developments, pending legislation and important industry news;
- (ii) Detailed support for compliance with various state and federal laws;
- (iii) Privacy regulations; and
- (iv) Licensing in those states that require it.

In addition, the LSS legal department has the internal capability to deliver immediate responses in coordination, due diligence and state licensing issues.

LSS also participates in legislative activities to ensure the best course of action for regulators seeking to advance and protect consumer interests and ethical market practices. This includes participation, both directly and through support of industry association activities, in NAIC and NCOIL proceedings, and drafting and commentary provided to legislators and regulators on a state and federal basis.

Systems, Documentation and Business Continuity

In order to maintain business operations and continuity in the rare event of a business interruption, LSS takes precautions to protect its systems and documentation. The Company’s advanced database systems that track insured individuals in the policy pool are backed up daily and stored in a remote location. A complete disaster recovery system is also in place. A custodial fiduciary retains a copy of each insurance policy. The Company retains copies for its purposes onsite.

In addition, The Company’s robust technology platform allows the company to progressively analyze data on policy originations and portfolio characteristics, providing reports and programs customized to client needs.



Securitization



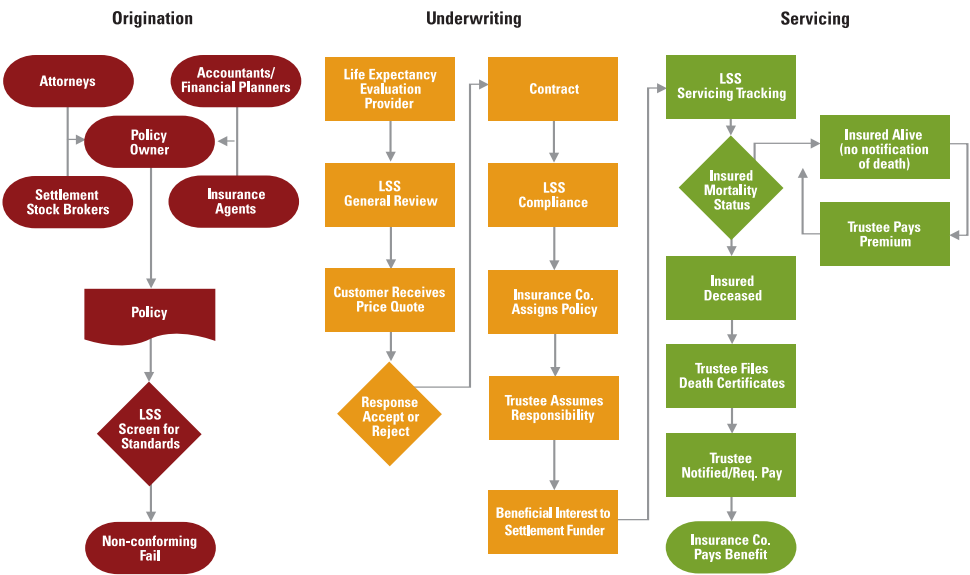
The ability to deploy investor capital in a timely manner is crucial for an effective settlement investment program. Life Settlement Solutions vast distribution network provides a steady flow of high volume business giving us the ability to fulfill investor timing needs.

Life Settlement Transaction Process

Life Settlement Solutions, Inc., is structured to acquire eligible life insurance policies meeting certain criteria as defined for each institutional investor client. LSS administers, manages and services the policies. The typical institutional investor appoints a trustee or other fiduciary intermediary (“Trustee”) to serve as custodian and disbursement agent.

Once LSS locates an eligible life insurance policy and confirms initial eligibility requirements are met, the insured’s medical records are sent to one or more medical evaluators for a life expectancy rating. If a pricing proposal for purchase of the policy is to be extended to the owner, the results of the life expectancy evaluations, along with financial information derived from a policy illustration generated by the insurance company that issued the policy, serve as the basis for determining the bid price that will meet investment criteria as established by the capital funding sources. If the policy owner accepts the bid and sells his/her ownership interest in the policy, the policy owner relinquishes ownership and beneficial interest in the policy in exchange for a cash payment. Upon the insured individual’s death, the investor’s designated beneficiary (typically via a trust or SPV), receives the death benefit of the policy. The capital invested in life settlements earns a “yield” in exchange for assuming the cost to maintain insurance coverage and the timing risks associated with future realization of benefits.

The following diagram depicts the process, starting with the owner of the life insurance policy requesting to sell, through the funding and management of a life settlement, to the payment of death benefits to the financing entity’s designated beneficiary. The origination, underwriting and servicing functions are described in detail in the following sections.

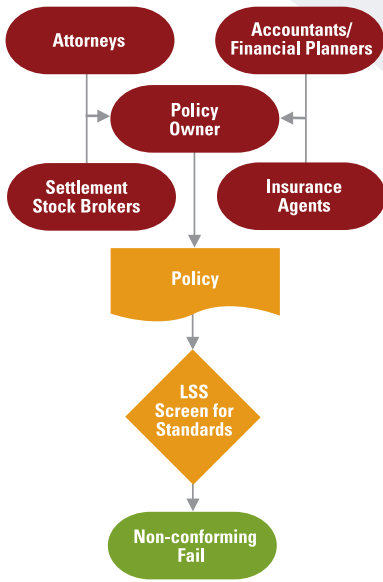


Sources for Policy Purchases

The sales and marketing department identifies a potential policy for purchase using a nationwide network of distribution firms that interface with insurance agents and other professionals (such as financial planners, attorneys and stock brokers) providing a variety of services to seniors as detailed below:

- **Settlement Brokers** – Licensed settlement brokers throughout the United States act as policy-owner representatives in the sale of policies through life settlements. These settlement brokers have access to a broad network of agents who refer potential life settlement clients.
- **Insurance Distribution Firms**, including Broker General Agencies, Master Agencies, Insurance Company Distribution, Personal Producing General Agents, Insurance Marketing Organizations and Platforms, and Life Insurance Agencies – these entities may access their client database for clients who have purchased life insurance policies over the years and who have experienced a change in their financial/insurance needs. These distribution firms and their agents can assess which of their clients qualify for a life settlement based on criteria that may include the need for immediate cash or change in insurance coverage requirements.
- **Broker-Dealers** – One of the newer sources of policies is from the broker/dealer network. These brokers hold various licenses, including insurance and NASD Series 6, Series 7, or Series 63 (stockbrokerage and investment licenses). Many broker/dealer organizations have a large senior clientele and are now encouraging their brokers to become familiar with this potential financial tool in order to offer effective estate and retirement planning advice to their clients and meet their fiduciary responsibilities to their clients.
- **Accountants and Financial Planners** – Accountants and financial planners acquire detailed information on their clients’ personal financial needs and can identify who would benefit from a life settlement transaction. Considering all available financial tools and products is their fiduciary responsibility to the client.
- **Attorneys** – Attorneys provide estate planning services to their clients, and life settlements are frequently considered when offering the best possible estate planning solutions. Through this network of contacts, many life settlement opportunities are discovered.

Prior to completing a purchase, the policy must meet the guidelines established by the Company according to each investor’s purchasing parameters (see eligibility section). Adherence to the guidelines is verified by LSS for each policy considered for purchase.



Originator’s Responsibilities

LSS will originate and purchase eligible policies at no greater than a predetermined price based upon:

- 1) the medical evaluator’s life expectancy rating and
- 2) the anticipated premiums to be paid over the estimated life. The actual “yield” on these settlement investments is dependent primarily upon the accuracy of the life expectancy estimates, purchase cost, amount of premiums to be paid, cost of funds and the ultimate timing of benefits collected on the policy.

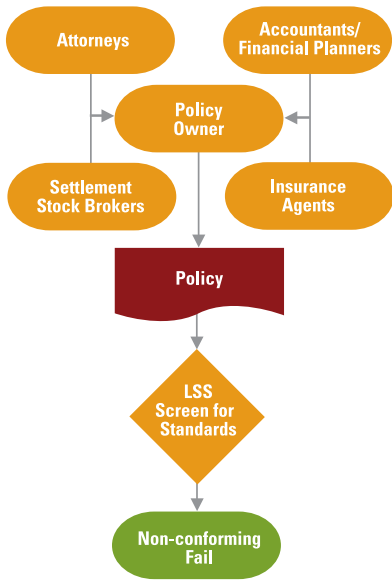
The Company’s role and responsibilities in the origination process are to:

- i) Locate the policies and screen for eligibility;
- ii) Analyze and negotiate pricing based on the investor’s pricing model and the seller’s willingness to sell;
- iii) Verify with the insurance carrier that the policy is in force;
- iv) Obtain contractual consents and acknowledgment of required disclosures from policy owners and insureds;
- v) Receive insured’s consent permitting the servicer to monitor, or “track,” the health status of the insured individual;
- vi) Obtain beneficiary’s acknowledgement and release for the transfer; and
- vii) Obtain and submit transfer documents to the investor’s custodial agent.

Eligibility

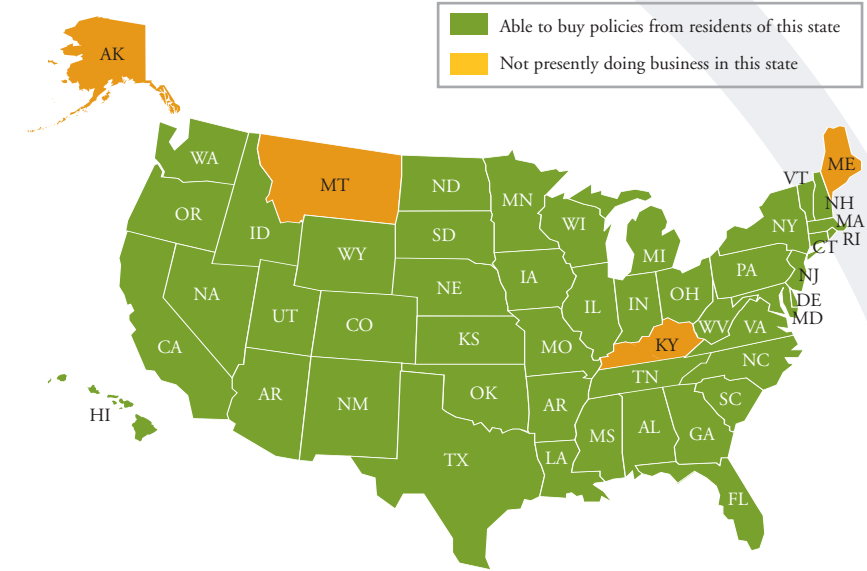
Policies considered for purchase by LSS must meet certain eligibility requirements. The following are typical criteria that are formed in conjunction with the investor or lender.

- i) A United States of America domiciled life insurance company whose financial strength, at the time of the life settlement, is rated no less than “B+” by Standard & Poor’s ratings group, at least “AA” by Moody’s Investors Service, Inc., or comparable rating service. Any other U.S. domiciled life insurance company may be considered if the face amount of the policy is less than or equal to the liability limit of any applicable state life insurance guarantee fund.
- ii) Beyond any statutory contestability period, and fully renewable subject only to the payment of premiums;
- iii) The insured’s life expectancy is between 25 and 180 months based on one or more medical evaluations from one or two approved life expectancy report providers;
- iv) The insured must not have catastrophic health condition or be terminally ill;
- v) Term policies must have a minimum term life insurance coverage equal to the greater of (a) two times the life expectancy, or (b) 10 years; and
- vi) The aggregate face amount of all policies an insured is selling must be at least \$250,000, which can be comprised of multiple policies; there is no maximum face value.



States Where LSS Can Buy Policies

LSS originates life settlements through its nationwide network, doing business in 46 states plus the District of Columbia and U.S. territorial jurisdictions.



Privacy Issues

The Company has strict procedures and guidelines to maintain the confidentiality of the insured individuals and their associated policies, including electronic security encryption capabilities. These procedures and guidelines meet or exceed federal and state privacy requirements. Please see the appendix for full privacy policy.

Fraud Prevention

LSS has designed rigorous processes and procedures to avert fraudulent activities. The Company’s anti-fraud and anti-money laundering programs equal or exceed all applicable state and federal requirements. All LSS employees regularly participate in compliance training programs, under the direction and guidance of the company’s general counsel and chief compliance officer.

LSS will not consider any policy in which the insured’s life expectancy is less than two years. In this way, LSS avoids situations that may be at odds with the fundamental premise behind the life settlement market – namely, that owners sell because of changes in the financial conditions of the owners or the beneficiaries. If the insured has a low life expectancy, then it is significantly probable that the best financial decision is to keep the policy and collect the ensuing death benefit from the carrier. Life Settlement Solutions only works with the most reputable partners. To ensure we know each and every customer, we conduct thorough due diligence screening on all new customers and business affiliates.

Underwriting Process

The underwriting process is a multi-disciplinary process that involves our life expectancy evaluation providers, LSS pricing analysts, and the investor’s own advisors. The components and requirements established for this process are described in detail below.



tailored portfolio
construction



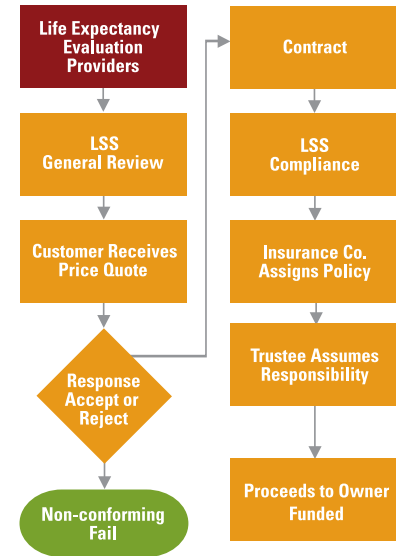
In order to mitigate risk for our institutional investor clients, we employ a number of screening criteria to ensure that the settlement investment portfolio is comprised of assets receivable that are of high credit quality with very specific characteristics as to the desired size, duration and policy mix.

Intake

LSS serves as the originating entity utilizing its network of origination channels to locate eligible policies. Policy sources submit key case information to the LSS Intake Department. LSS Intake Department screens for policy eligibility prior to requesting a pricing evaluation. Our staff's expertise and efficiency combined with our strong operational and technology capabilities enable our intake department to process several billions of dollars of face value per month.

Medical Evaluation

A critical component of pricing policies for purchase is the medical evaluation. Once an eligible policy is located, the insured's medical records are submitted to one of the major life expectancy providers for an evaluation. Each financing entity (or "funder") determines which life expectancy provider will be used for that funder's program. These independent medical underwriters provide a life expectancy report, which includes a summary of pertinent medical criteria and determines a projected life expectancy and mortality rating.

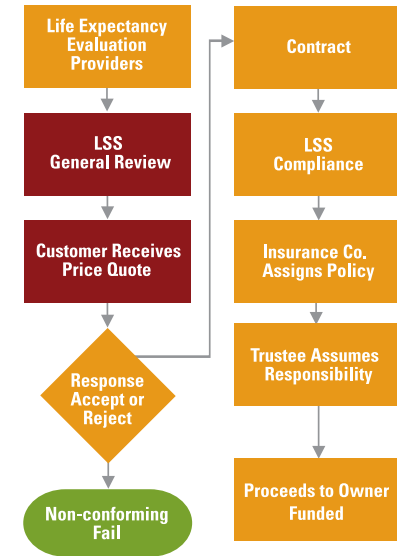


Pricing

Life Settlement Solutions is known in the marketplace for the most competitive and efficient pricing capabilities, offering customers quick turnaround and some the highest offers available. Our internal quality control processes are designed to ensure accuracy of pricing offers via a series of accuracy review and quality checking steps. Because of the efficiency, accuracy and competitiveness of our pricing, distribution entities of all types provide LSS with significant policy volume for pricing evaluation and bidding, giving LSS the ability to fill any and all portfolio needs.

Underwriting Standards

Once the funder-approved life expectancy provider completes the medical evaluation and assigns a life expectancy rating, the results are sent to LSS. After LSS receives these results, the policy is priced accordingly using the life expectancy, mortality percentage ratio and the minimum anticipated premiums as determined from information in the policy illustration.



Bidding & Negotiations

LSS presents bids to policy sources, and negotiates with the seller's representatives with the goal of purchasing each policy at a price that is fair and acceptable to the seller. Upon confirmation of an agreed upon price, the seller's broker submits a written contract request to LSS.

Contracting Process

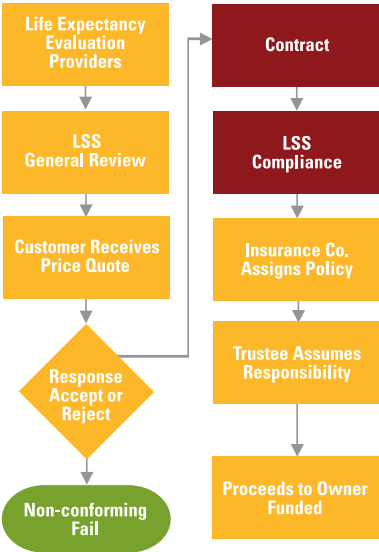
Upon receipt of a contract request, the LSS Contracts Department issues a complete set of documents, including application, contract and disclosure forms designed for transactions in the state of residence of the seller. These documents are sent to the broker for review with the seller and insured. Upon completion, LSS will review the policy, contract and due diligence documentation received from the policy owner, verification of coverage from the insurance carrier, and other information for accuracy and completeness. Each item submitted is reviewed against a detailed checklist to ensure that the policy owners and insured meet all eligibility criteria, comply with regulatory requirements and correspond to the Company's internal underwriting standards. There are a number of other formal tests applied to each policy before it is finally approved for purchase.

Acceptance, Final Compliance and Funding

Once all of the underwriting standards have been met and the eligibility review is complete, the transaction is reviewed to reconfirm that the minimum investor criteria will be met by the policy. Only after fulfilling the underwriting standards, eligibility criteria, regulatory compliance and investor requirements will a policy be accepted for purchase. If accepted, the file is completed and sent to LSS senior management for approval. At this stage, there is a final management review of all applicable requirements and documentation to ensure compliance with company standards and, if acceptable, the policy is given final approval for purchase. Where appropriate, the file undergoes a review by counsel to ensure legal compliance. Subject to management approval and verifications required for funding, change of ownership forms and beneficiary information are sent to the insurance carrier for recording. LSS confirms with the insurance carrier the transfer of ownership, designation of beneficiary and any other essential data specified. Once this information is recorded and confirmed, funding disbursement is requested from the funding vehicle's paying agent or escrow.



Acceptance, Final Compliance and Funding cont'd.

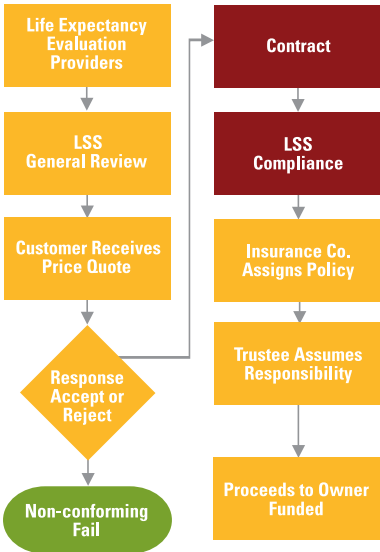


Compliance/Closing

While regulatory requirements can differ slightly by state, purchase documents generally include, but are not limited to, the following:

- Life settlement application, consent and disclosure forms;
- Life settlement contract, including representations and warranties from the seller (indicating consultation with financial advisor or attorney) and acknowledgement of required disclosures;
- Releases from beneficiaries;
- Spousal consent, trust agreement or corporate resolution, depending upon the identity of the owner selling the policy;
- Letters of competency for the insureds, and for the policy owner if an individual;
- Change in ownership or assignment form; and
- A change of beneficiary form.

Upon fulfillment of these requirements and completion of the LSS due diligence review, the sales proceeds are disbursed to the policy owner and the investor pays associated origination fees and transaction costs. In accordance with state laws, LSS provides a contractual rescission period for life settlement purchases. Broker commissions are paid following lapse of the applicable rescission period.



Servicing Process

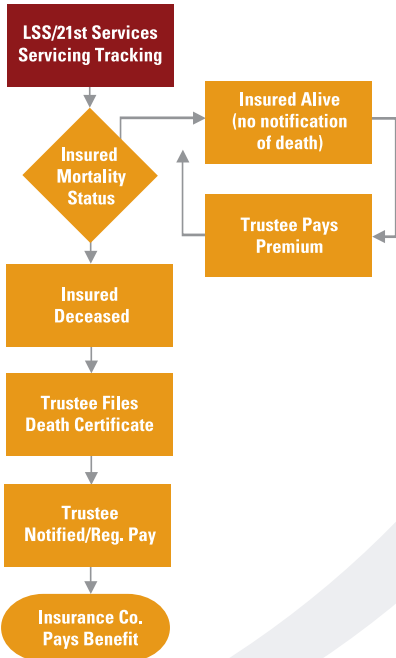
LSS is the master servicer for all policies acquired through LSS life settlement transactions, and has contracted with the industry leader in life status tracking services as a special sub-servicer to perform certain tracking duties for the life settlement transaction. The cash flow in life settlement transactions is dependent upon the accurate tracking of insured individuals and the timely and efficient submission of death certificates to the insurance carriers. With these services, LSS has developed operational controls and independent systems to ensure collections are received promptly.

Life Tracking

As part of its risk management controls, LSS’ “Life Tracking” system maintains separate tracking to independently monitor policy maturities. The insured individual agrees to be monitored by the Company, consenting to maintain periodic contact with LSS or its special sub-servicer (personally or through a designee). A variety of methods to accomplish this task are utilized, including:

- Monthly, quarterly, semiannual or annual contacts with the insured individual or a person designated by the insured for this purpose;
- Monthly, quarterly, semiannual or annual contracts with the insured’s primary physician; and
- Quarterly, semiannual or annual search on state information systems reporting deaths listed by social security numbers.

Life Tracking includes use of sophisticated database-tracking systems. As required and in adherence to state law, we will contact monthly those insureds with a life expectancy of less than 12 months and, on a quarterly or semi-annual basis, those with a life expectancy greater than 12 months.



risk mitigation



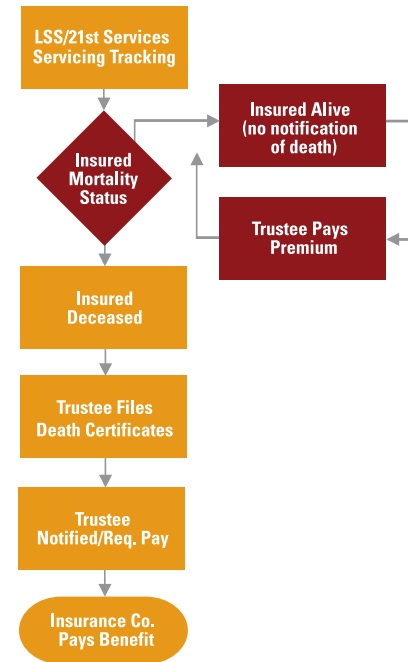
Our capabilities and processes are designed to create the highest quality portfolio of assets. We emphasize quality and screening in every aspect of our business by paying vigilant attention to regulations in all states; screening of distribution firms and their principals; adhering to strict compliance processes; conducting stringent case evaluation and pricing processes; and conducting very controlled management information and policy servicing functions.

Portfolio Management

So long as notification of a maturity (death of insured) has not occurred, the funder's Trustee or other designated disbursement agent will pay all due policy premiums. In addition, LSS monitors the policies to ensure timely premium payments, obtaining a confirmation from the insurance carrier verifying that payment was received and applied to the appropriate policy account. LSS will notify the funder's paying agent regarding amounts and timing of premium payments. LSS also provides premium payment reminder notices to the paying agent as a precautionary risk control measure.

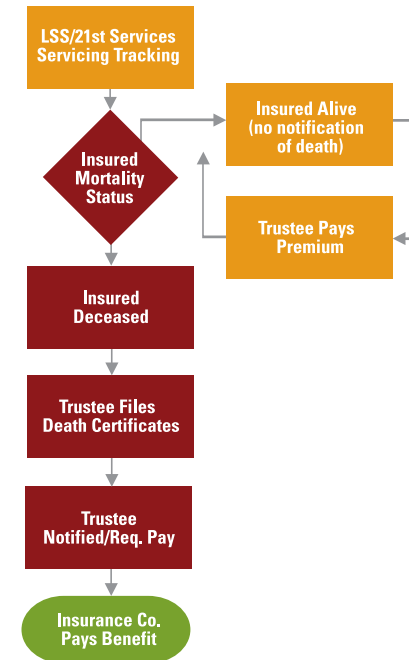
Statutory and policy provisions require insurance companies to send written notice to the policy owner before coverage lapses due to non-payment of premiums. This provides a tertiary method of protection. The funder's Trustee or fiduciary intermediary, as custodian of the life policies, receives such notices directly. LSS works with the funder's paying agent to make sure policy premiums are paid on time in amounts commensurate with maximizing the investor's return on the policy.

When an insured individual dies, a request for a copy of the death certificate is made to the tracking designee, next of kin or directly to the appropriate governmental agency. Death certificates are typically obtained in less than two weeks. Once the death certificate is obtained, LSS assists with preparation of a claim package to be submitted to the insurance company to request payment on the policy benefit proceeds. The claim package is executed by the funder's custodial fiduciary prior to submission to the insurer, and LSS then monitors collection status until the funder's designated beneficiary receives the policy proceeds.



Death Benefit Paid

Insurance companies have a requirement to pay death benefits promptly on policies and many states impose interest charges and/or penalties on claims not paid on a timely basis. Based on Management's experience, the collection period is approximately four to six weeks from the date of the insurance carrier's receipt of the death certificate.



Accounting/Investor Reporting

LSS maintains a record of all policies purchased. The investor's fiduciary representative acts as custodian of the policy originals. LSS also provides reports to its funders and their representatives on a monthly basis. The monthly investor reports may include, at the option of the investor:

- Quantity, cost and face value of policies purchased, matured or rescinded;
- Cash flow activity and roll forward balances at the beginning and end of the month;
- Policy types and insurer data; and
- Average life expectancy of the pool and the distribution of the individual life expectancies.

LSS utilizes an effective and efficient database management system allowing delivery of customized reports as requested. The following reports are samples that are customarily provided to lenders and investors.

Investments in the life settlements industry come with certain risks. The significant risks include the following:

- (i) Actual life expectancy, i.e., the mortality/longevity of the insured.
- (ii) The accuracy of the medical evaluation that determines the life expectancy projection at time of policy purchase.
- (iii) Claims – paying ability of certain carriers. However, LSS requires that the carriers have high ratings from recognized rating agencies.
- (iv) Low liquidity, since this asset class is not commonly traded in secondary and tertiary markets.
- (v) Long-term investment, tied to the expected weighted average life expectancy within a typical portfolio.

Management

Life Settlement Solutions has one of the most respected and accomplished management teams in the industry. The Management and professionals on staff at the Company consist of individuals with numerous years of distinguished experience in the insurance, investment, finance, legal, real estate development and business management fields. The biographies of the key management and board of director personnel are included below:

Larry Alan Simon *Chief Executive Officer, President, Treasurer and Sole Director*



Mr. Simon serves as the chief executive officer, president, and sole director for LSS. In this capacity, he carries ultimate responsibility for the executive management of LSS, long-range strategic planning and development, relationships with funding sources, and executive oversight of the general business affairs of the Company.

Separate and independent from the establishment and operation of LSS, Mr. Simon has also served as the chief executive officer and a director of Global Life Capital, Inc., and its subsidiary, Life Capital, B.V., as well as an affiliate, Global Life Services, Inc., (collectively “the Global Life companies”) since their formations in 1999-2001. In this capacity, Mr. Simon was responsible for the management and direction of the Global Life companies’ day-to-day operations, which included the acquisition and management of assets in the form of life insurance policies.

Through the operations of Life Capital, the Global Life companies acquired a portfolio of life settlement policies valued at approximately \$400 million aggregate net death benefits. All policies in the portfolio were acquired through arm-length transactions with independent life settlement provider companies that share no common ownership or control with any of the Global Life companies or LSS.

From 1972 through 1999, Mr. Simon was active in the establishment and management of the operations of other successful business ventures. Earlier in his career, from approximately 1969 through 1972, Mr. Simon spent approximately four years as an auditor and consultant with Touche, Ross, Baily & Smart, a predecessor of the firm now known as Deloitte & Touche.

Gregory John Schmitt, LUTCF, CLU *Executive Vice President and Chief Operations Officer*



Mr. Schmitt serves as executive vice president and chief operations officer for LSS. In this role, Mr. Schmitt has primary responsibility for executive management of the day-to-day operations of the Company including business development, broker relations, sales and business planning, performance assessment, facilities management, oversight of technology functions, and general business and management oversight duties.

Mr. Schmitt joined LSS in April 2004, coming to the Company with extensive and distinguished experience in the life insurance business. Previously serving as territorial vice president for The Prudential Insurance Company of America, Mr. Schmitt retired from Prudential in 2003 following 24 years employment with the company.

During his tenure with Prudential, Mr. Schmitt received numerous promotions, starting out as a sales agent and rising through the ranks to assume several management positions, ultimately being appointed as senior vice president for the Western Territory and reporting directly to the president of Prudential’s Agency Distribution. In addition to oversight of insurance sales and financial planning services, Mr. Schmitt’s management responsibilities for Prudential included extensive contributions to development of the company’s technology platform, training and development of production and management personnel, organizational development, business planning, expense management, and profit and loss.

Mr. Schmitt holds California residential insurance producer licenses as a life agent, variable contracts agent and fire and casualty broker-agent. While employed by Prudential, he was also a registered representative and registered principal associated with Prudential’s affiliated broker-dealer, Pruco Securities, LLC.

Ronald Dennis Lofgren, CPA, MBA

Vice President of Operations



Mr. Lofgren currently serves as vice president of operations for LSS, where he has been employed since April 2003. Mr. Lofgren’s primary responsibilities for LSS include establishment and oversight of systems and procedures for efficient flow of business and paperwork through the system, pricing evaluation of proposed settlement transactions, and management and supervision of the contracts processing department, including contract issuance, due diligence, closing and funding processes.

Mr. Lofgren also works closely with representatives of the funding entities in connection with subsequent transfer of policy ownership to the trusts or SPVs established by the funding entities for this purpose. Notwithstanding such transfers of ownership interests, however, servicing of policies acquired through life settlement transactions, including tracking of insureds and claims processing, remains the responsibility of LSS under Mr. Lofgren’s management and supervision.

In addition, Mr. Lofgren also plays an instrumental role in the design of the Company’s case management software system, working closely with the outside programmers and designers retained for implementation of the design and maintenance of this software system. This also includes collaboration with LSS management and general counsel to assure that the system is capable of collecting all required data and generating necessary reports for licensing and regulatory agencies, internal reporting for the Company’s own executive management and corporate compliance purposes, and processing of data and required paperwork for case intake, contracts processing, closings, compliance and policy servicing purpose.

Immediately prior to working for LSS, Mr. Lofgren was employed by Global Life Capital and its sister company, Global Life Services, for four years. Mr. Lofgren’s responsibilities for the Global Life companies included oversight of day-to-day operations along with supervising the accounting and underwriting processes. Many of his responsibilities were similar to those he now performs for LSS, including design and management business flow through the companies, financial evaluation of proposed life settlement acquisitions, management and supervision of operations personnel, oversight of policy administration for acquired assets, design and administration of computer systems, and internal reporting for financial and business management purposes.

From 1988 through 1999, Mr. Lofgren worked in executive management for companies directly involved in the insurance industry, including service as chief operations officer for the Greater South Agency, Southern Insurance Group in South Carolina and vice president of finance for Acordia of California, a large insurance brokerage firm.



efficient deployment
of capital



Life Settlement Solutions is one of the industry leaders in education of financial professionals providing valuable resources and knowledge through various venues including:

- *Development of the industry's first Life Settlement Awareness Month*
- *A certified continuing education course for insurance licensing*
- *Webinar training events*
- *Workshops at major industry events*
- *Authoring of several educational articles for trade publications*

Karen Huston Canoff, Esq.

General Counsel, Chief Compliance Officer and Corporate Secretary



Ms. Canoff serves as general counsel, chief compliance officer and corporate secretary for LSS. In this capacity, she is responsible for the drafting and approval of transactional documentation, design and implementation of compliance programs, compliance training programs, and daily operational guidance in order to assure compliance with contractual, legal and regulatory requirements, maintenance of corporate records, management of all other legal affairs of the Company, and administration of the Company's human resources functions.

Ms. Canoff has worked with LSS on a full-time basis since May 2003. Ms. Canoff has 25 years' experience providing legal services to corporate clients in the financial services sector, real estate and construction companies, public utilities and private industry.

Kurt Andrew Gillhaus, CLU, ChFC

Vice President of Marketing



Kurt Gillhaus, CLU, ChFC, joined Life Settlement Solutions (LSS) as the vice president of marketing in November 2005, coming to the company with extensive and distinguished experience in the life insurance and financial services business. Mr. Gillhaus' responsibilities include the growth and development of product distribution networks, relationship management with all firms distributing LSS product lines, all marketing functions, product education, branding, advertising, educational and collateral material development, public relations, industry events, and promotions.

Previously, Mr. Gillhaus served in various executive roles for Prudential Financial during his 19 years of employment and received numerous promotions and awards. Mr. Gillhaus achieved a rare blend of expertise in both home office leadership and sales leadership functions. Starting out with responsibilities in corporate & regional financial management and rising through the ranks to assume several management positions, he ultimately transitioned into the sales force and was appointed to local and territorial sales leadership positions. Mr. Gillhaus developed expertise and achieved successes in financial, marketing, sales, compensation, technology and learning disciplines and is widely recognized as an expert in these areas. He drove results and improvements in marketing and sales results for insurance and financial services products at local, territorial and national levels. Mr. Gillhaus' leadership responsibilities for Prudential also included extensive contributions to the development of the company's capability to fulfill client's financial needs, deliver sales training to the national sales force, development of production and management personnel, organizational development, business planning, expense management, and profit and loss responsibility.

While employed by Prudential, Mr. Gillhaus held California Resident Insurance Producer licenses as a Life Agent, Variable Contracts Agent, and Fire & Casualty Broker-Agent. He was also a registered representative and registered principal associated with Prudential's affiliated broker-dealer, Pruco Securities, LLC. Mr. Gillhaus received his degree from highly acclaimed Rutgers University and has also achieved key industry designations such as Certified Life Underwriter and Chartered Financial Consultant. He is currently completing his Certified Financial Planner credentials and graduate studies.

Appendix

Privacy Policy and Notice of Informational Practices

Life Settlement Solutions, Inc., respects all individual rights of privacy. LSS understands and shares public concerns regarding the use and protection of nonpublic personal information and is committed to restricting the use and disclosure of such information as required under applicable law to the extent that it comes into the possession of the company. LSS recognizes and complies with its obligations to maintain confidentiality of all personal, financial, health and medical information received from or pertaining to policy owners and insured individuals in connection with LSS' consideration of proposals, offers and/or agreements to purchase life insurance policies in the ordinary course of its business.

In consideration of proposals or offers for sale of life insurance policies, certain types of nonpublic personal information must be obtained by LSS from the policy owner and insured individual. This information is provided to LSS on forms completed by the policy owner and insured individual, which the agent/broker then forwards to LSS. The following notice, in compliance with the federal Gramm-Leach-Bliley Act (hereafter "GLBA") describes LSS' policies and procedures regarding the treatment and handling of this nonpublic personal information.

Frequently Asked Questions

What Types of Information Does LSS Receive Regarding the Policy Owner and Insured?

The information received by LSS includes, but is not limited to:

- Identity such as name, address, e-mail address, social security number, driver's license number and date of birth of policy owner and insured individuals;
- Transactional information such as the terms of the life settlement contracts and information provided in documents signed by the policy owner and insured individual related to the transaction;
- Medical or health information that may be included in information provided by the policy owner, insured, insurance carrier, health care providers, medical under-writers, personal contacts as designated by the insured, or personnel involved in servicing policies on behalf of LSS and confirming the insured's medical or health status; LSS adheres to all HIPAA guidelines.

- Life expectancy evaluations from independent medical underwriters, which include health and medical information about insured individuals. (The insured's medical records are sent to independent medical underwriting consultants who are responsible for maintaining and enforcing their own privacy policies as required by law and applicable regulations.); and
- Life insurance information, including the type and terms of life insurance policy, a copy of the policy, a copy of the original application for insurance and a policy illustration provided by the insurance carrier.

How Does LSS Use the Information that It Collects About the Policy Owner and the Insured?

- LSS uses the information it collects in determining whether to purchase certain life insurance policies from individuals.
- LSS does not sell any of the nonpublic personal information regarding the policy owner or insured individual, nor does it distribute such information to any third parties except as required or permitted by law.

Who Has Access to the Information Once it is Submitted to LSS?

- Access to nonpublic personal information is restricted to LSS’ employees who need to know or access such information to provide life settlement services. Nonpublic personal information may be shared by LSS with unaffiliated companies that provide support services to LSS in connection with LSS’ life settlement services, but only to the extent necessary for LSS to properly to conduct its business and manage the policy.
- LSS is serious about the security of the information in its filing and computer systems. LSS uses a system of passwords, firewalls and other physical, electronic and procedural safeguards designed to protect against the unauthorized access to nonpublic personal information.
- LSS periodically updates its technology and the education of its employees and consultants about the importance of maintaining privacy, striving to implement the best practices to ensure that nonpublic information is protected as required by applicable law.

What Happens if a Policy is Later Transferred by LSS?

- If a policy is transferred by LSS, it will only be transferred to an institutionally financed capital provider pursuant to a written agreement that expressly requires that the institution must acknowledge and agree to preserve the private and confidential nature of nonpublic personal information.

Will LSS Share Information with Affiliated or Non-Affiliated Companies?

- LSS may share nonpublic personal information with affiliated companies in order to administer, process, enforce or service its policies. LSS does not sell or share nonpublic personal information with any other company for marketing purposes.
 - LSS may share nonpublic personal information with the following types of non-affiliated third parties: [Where required, LSS obtains signed consent from the individual, authorizing LSS to share his or her information.]
1. Settlement brokers, independent providers, agents, attorneys and financial advisors representing the policy owner and/or insured directly in connection with the life settlement transaction.
 2. Medical underwriters that provide life expectancy evaluations to LSS at the request of an independent provider or the broker representing the policy owner and insured. These underwriters’ privacy policies are available to the provider or broker representing the policy owner and insured, who may request them directly from the underwriter.
 3. Service providers, consultants and funding entities that work with LSS directly in connection with evaluating, processing and closing settlement transactions. These include LSS funding entities and their advisors, trustees and independent escrow agents. Such parties are required to sign written agreements obligating them to preserve confidentiality and privacy of nonpublic personal information.
 4. Insurance carriers that have issued the policies that policy owners propose to sell to LSS. Carriers may be contacted directly to confirm their privacy policies.
 5. Funding entities that act as capital providers to which policies are transferred, and their advisors and trustees, each of which agrees in writing to the preserve confidentiality and privacy of nonpublic personal information.
 6. Consultants and service providers that work under contract to LSS for policy administration and tracking, each of which agrees in writing to preserve the confidentiality and privacy of nonpublic personal information.
 7. Consultants and service providers that work for LSS to assist with design and maintenance of computer systems and other general business support, each of which agrees in writing to preserve confidentiality and privacy of nonpublic personal information.
 8. Regulators and legal authorities that LSS must report to as a matter of law.

Is It Possible for a Policy Owner or Insured to “Opt Out” of Sharing their Nonpublic Personal Information with LSS?

- No. LSS conducts business and provides its services to policy owners and insured people within the guidelines of the federal GLBA and state laws governing privacy issues for the settlement business. As such, LSS does not allow a policy owner or insured to “opt out” of sharing their nonpublic personal information. LSS’ general practices regarding sharing of information are summarized in this privacy policy statement.
- As part of our contract documentation, disclosure and consent forms are signed by policy owners and insureds to confirm their understanding and consent to “opt in” for sharing of nonpublic information as described in this notice and in the transaction documents.

What Measures Will LSS Take to Ensure the Privacy of Social Security Numbers?

- The Social Security number of a policy owner or insured individual is necessary to affect a life insurance settlement transaction, but this number will not be used by LSS as a customer case identifier, nor will it be publicly displayed by LSS. Additionally, LSS will not provide or share Social Security numbers with other companies or organizations except as required or permitted by law and consistent with this privacy policy statement.

What Kind of Document Retention Policies Will LSS Observe?

- All documents containing non-public personal information will be retained for not less than five years after the death of the insured for completed settlement transactions, or after cessation of negotiations, rejection or rescission for policies not ultimately acquired by LSS. Information from former customers will be maintained in the same manner as current customers. If the state in which the settlement transaction occurred has enacted laws at the time of the settlement transaction that have a different retention period, LSS will retain information for the longer period of time.
- LSS will take all reasonable steps to destroy or arrange for the destruction of all records within its custody or control containing nonpublic personal information that is no longer in need of retention. The destruction of such information may include shredding, erasing or otherwise modifying the nonpublic personal information in those records to make it unreadable or undecipherable through any means. This will include records stored on paper and electronically.



strict control processes



LSS in Review

- 1. Experience – nearly a decade; amongst the first to bring institutional capital to the market
- 2. Rating – AA+ by Scope Analysis
- 3. Investors – institutional capital only; no private investors
- 4. E&O Coverage from “AA” rated carrier
- 5. Compliance Department – fully staffed
- 6. Licensing – able to buy policies in 47 U.S. jurisdictions
- 7. Financial Strength – management has purchased nearly \$2 billion in face value as of 2006
- 8. Vast distribution network of qualified firms

Summary

Scope Analysis Provider Quality Rating: AA+

Life Settlement Solutions holds an “AA+” (Excellent Quality) rating from the Scope Group, making it one of the highest rated life settlement providers in the industry.

Excerpts Quoted from Scope Analysis Provider Quality Rating

Life Settlement Solutions, Inc.
Rating Grade AA+ (overall)

Summary

Quality Rating Life Settlement Solutions, Inc.

An overall rating score of “AA+” shows the excellent quality of Life Settlement Solutions’ (LSS) services toward institutional clients.

In Panel I, “Company” LSS achieved an overall score of “best quality.” This is composed of LSS’ excellent scores in the sub panels “Company History,” “Company Structure,” “Marketing Standing,” “Investor Structure,” “Credit Standing” and “Financial Strength.” An “AAA” rating was achieved for its “Shareholder Structure.”

In Panel II, “Management” LSS achieves again an “AAA” rating, which is especially reflected in the sub panels “Operations and Process Management” and “Compensation.” The sub panels “Competence,” “Investor Relations” and “Trading Activities” were assigned with an “AA+” rating.

“Excellent Quality” is observed in Panel III “Network.” This especially refers to the company’s “Policies Pooling” activities. Its relationships with the “Escrow Agent/Bank” and its “Broker” network are classified with “high quality.” Its network with the “Medical Evaluators” shows “increased quality.”

Panel IV “Balance of Activities” was classified with an “AAA” rating. This refers to “Historical Development,” “Current Performance” (“AA+” respectively) and “Litigation/Conflicts” (“AAA”).

End of analyzing period was August 2, 2004. [Summary Quoted from Scope Analysis Provider Quality Rating Report for Life Settlement Solutions, Inc.]

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