

## LIFE SETTLEMENTS AND PREMIUM FINANCE

LIFE SETTLEMENT and premium finance transactions have attracted a good deal of critical press along with a cornucopia of negative labels, including “death bonds,” STOLI, IOLI and SPINLIFE. Yet these transactions, if structured properly, provide consumers with a viable means of monetizing and financing valuable assets. Life settlement transactions permit policyholders to dispose of their no-longer needed policies or annuities at prices in excess of the cash surrender values offered by the issuers. Premium finance programs provide policyholders a means of funding premiums on insurance policies or annuity contracts, with the policy or contract or death benefit pledged as collateral for the premium finance loan. In reviewing these transactions, regulators have been particularly concerned about deal structures that encourage investors who have no insurable interest in an insured life to acquire policies or death benefit claims in a manner that undermines the insurable interest requirements of applicable state laws.

Our transactional experience and regulatory knowledge enable us to provide a broad array of services to investment banks, life settlement providers, funders and investors, life settlement platforms, facilitators, premium finance lenders and other major participants in both the life settlement and premium finance markets. Our work ranges from advising investment banks in acquiring life settlement providers, assisting in establishing life settlement provider operations, advising life settlement providers on their transactional activities and assisting in developing innovative products for the sector. Our attorneys have undertaken in-depth audits of the operations of most significant life settlement providers on behalf of shareholder clients in response to regulatory actions regarding brokers’ interactions with sellers of life settlement policies. We also counsel traditional life settlement brokers, investors, funds, investment banks and providers, including serving as counsel to a major institutional client responsible for establishing the first institutional marketplace for the settlement of life insurance policies.

We are equally experienced in advising on complex structured premium finance transactions and the regulatory issues associated with such programs. For example, we represent a dedicated investment fund established to permit investors to participate in returns arising from both life settlement and collateralized premium finance transactions, as well as an investment bank in structuring and implementing a series of life insurance premium finance programs involving the issuance of over \$3 billion in securities. Like life settlement transactions, premium finance programs are subject to comprehensive and rigorous government scrutiny. We regularly appear before state regulatory agencies on behalf of clients to obtain necessary departmental determinations. With our integrated capital markets and insurance regulatory practice, we are able to address the distinct needs of our clients by making the assessment of regulatory, reputational and enterprise risks a basic element of our insurance transactional work.