

Life Settlements

What are Life Settlements?

Life settlements involve the purchase of in-force life insurance policies from policyholders—typically seniors—in exchange for a lump-sum payment that exceeds the policy’s cash surrender value. Investors assume responsibility for future premium payments and ultimately receive the death benefit when the insured passes away. This strategy transforms illiquid personal assets into institutional investments, offering non-correlated returns driven by actuarial and longevity risk.



Why invest?

- **Non-correlated returns:** Performance is tied to actuarial outcomes rather than economic or market cycles.
- **Attractive risk-adjusted yields:** Returns are based on predictable life expectancy curves and discounted death benefits.
- **Secured asset exposure:** Policies are issued by highly rated life insurance carriers and structured under enforceable contracts.
- **Demographic tailwinds:** Aging population dynamics and underutilized policies support long-term supply and growth.

Risks to consider

- **Longevity risk:** Insured individuals may live longer than projected, delaying expected cash flows.
 - **Mitigation:** Use of actuarial modeling, portfolio diversification, and conservative life expectancy assumptions.
- **Premium payment obligations:** Ongoing premiums must be paid to maintain policy status.
 - **Mitigation:** Cash reserves are allocated for future premiums, and policies are stress-tested for payment scenarios.
- **Regulatory and ethical considerations:** Varying state regulations and consumer protection laws may apply.
 - **Mitigation:** Investment structures comply with applicable regulations, with legal diligence on policy ownership and transferability.

Conclusion

Life settlements offer investors a non-market correlated investment with stable, actuarially driven return potential. Backed by enforceable insurance contracts and supported by demographic trends, they serve as a differentiated allocation within private credit and specialty finance portfolios.

Common sectors or products in Life Settlements



Traditional life settlement investments: Individual policy purchases from seniors seeking liquidity



Structured life settlement portfolios: Diversified pools of policies designed to mitigate longevity risk



Premium financing strategies: Leverage structures to fund premium obligations and enhance returns



Mortality-linked investments: Products tied to actuarial models and life expectancy curves

About MA Asset Management

We have a 10+ year track record of investing in directly originated private asset-backed credit across differentiated lending strategies.

The team are focused on income generating assets that provide investors with a steady stream of monthly income. Beyond traditional private credit, we also negotiate both long-term loan flow agreements and credit facilities with originators.

MA Asset Management, LLC is a wholly owned subsidiary of MA Financial Group, a publicly listed company on the Australian Securities Exchange (ASX).

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