



NO LE NO Clue

It's becoming increasingly common for life settlement providers not to require third-party life expectancy reports (LEs) from sellers' representatives, instead offering to incur this expense on their behalf. While this may seem like a selfless act, it's anything but.

Without knowledge of the insured's LE, it's impossible to determine the fair market value of a life insurance policy in the secondary market. As such, when buyers purchase LEs, it results in asymmetric information that favors them alone. Stated differently, it helps them to achieve their goal of buying low, which comes at the expense of the policy owner selling high.

	Buyer	Seller
Party	Investors ▶ Fund ▶ Provider	Broker ◀ Advisor ◀ Owner
Goal	Buy low 	 Sell high

