

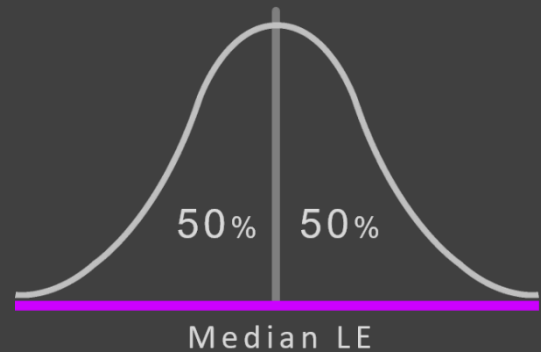
Buckeye Life Resources

Fiduciary-minded life settlement brokerage

LEs: A Basic Explanation

Contrary to common belief, life expectancy reports (or **LEs** for short) aren't literal predictions about how much longer the individuals in question will live. Instead, they're inexact measures of longevity that are expressed in **median** terms. As such, half of individuals with a similar risk profile (cohorts of 1,000 people) are projected to live longer than the LE and half shorter. In other words, LEs are educated guesswork and reflect the difficulty, if not impossibility, of accurately gauging a single lifespan.

Here are some other key facts about LEs with regard to life settlements:



- They're **critical determinants of pricing** because they dictate the duration of the investment. That is, how much longer can the buyer reasonably expect to pay premiums on a post-sale basis? All else equal, LEs have an inverse relationship with offer amounts.
- **No medical evaluations are required**. Rather, LE providers / underwriters scrutinize the insured's medical records from the last 3-5 years along with actuarial data to form their opinions.
- There are **4 or 5 third-party LE providers** used by buyers in the industry, and it's not uncommon for their estimates to differ notably. The cost of each LE report usually exceeds \$500.
- **Importantly**, without knowledge of the insured's LE(s), it's impossible to determine the fair market value of a policy.