

Buckeye Life Resources

Life Settlement Fiduciary

2 bidders are better than 1



When selling your house, would you prefer a dozen potential buyers competing for it or just **one**? The answer is clear if like most sellers your goal is to maximize the sale price.

Not surprisingly, the same logic holds true for life settlements. To approach only **one** (or even a few) potential buyers – called providers – is sure to yield results below fair market value.

Why? Providers strive to buy low in order to improve their returns, so unless they're forced to bid competitively, they won't. For example, one of BLR's recent cases underwent **22** lead changes during the course of bidding and a **190%** increase from the opening to winning offer. Tellingly, the first bidder was also the winning bidder.

Implication

The **only** way to extract fair market value for sales in the life settlement space is to pit multiple aggressive bidders against one another in an auction-style process.

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