

Pricing Life Settlements & Peachtree's Comparative Pricing Model



The price paid for a life settlement contract is derived from the expectation of future policy benefits, less the expectation of future policy costs – essentially, a net present value calculation is performed, predicated on the following factors:

- ◀ Premiums and policy expenses;
- ◀ Net death benefit of policy;
- ◀ Insured's life expectancy (established by outside life expectancy underwriters); and
- ◀ The expected return on investment (a function of institutional funder's cost of capital, risk tolerance, and expenses).

Comparative Pricing Model capabilities

Peachtree utilizes state of the art pricing methodologies (deterministic and probabilistic) across its various funding facilities – including proprietary software to optimize premium payments for all policies it looks to purchase. Peachtree's Comparative Pricing Model offers policy sellers increased efficiency in getting their cases priced by evaluating eligible policies in parallel across various funding sources; resulting in an ability to establish our maximum pricing in a very compressed timeframe – something which further differentiates Peachtree from its competitors.

Life Expectancy Evaluation

Generally the most important variable in the pricing calculation is the life expectancy of the insured. This figure, typically stated in months, is produced through an analysis of medical records and other demographic data (age, gender, tobacco use information, family history, etc.) pertaining to the insured. The analysis is performed by one or more “medical underwriters”, independent companies each with their own proprietary methodology for analyzing medical information, applying actuarial analysis, and then issuing an “LE” or life expectancy report.

Next steps

For further details for having a life insurance policy evaluated and priced please call Peachtree Life Settlements at 1.866.864.6886.

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For more information,
call today
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