



Fidelity of Georgetown

2020 - THE YEAR IN REVIEW

This past year was extremely challenging with the COVID-19 virus and associated social and economic disruptions throughout the world. In both Europe and the United States (US), we are again experiencing more restrictions as positive COVID-19 cases continue to climb.

The Life Settlement industry continues to grow. The estimated year over year growth for life settlement transactions in 2020 versus 2019 was 8-9%, and trending forecasts for the Life Settlement market indicate continued growth. Given the current low interest rate environment and significant financial market volatility, an asset class that is non-correlated to the financial markets provides Purchasers with a diversified asset with above average returns.

MATURITIES

We continued to experience early maturities in 2020. There were a total of six maturities, with three of those maturing earlier than anticipated. Maturity returns ranged from 5.34% p.a. to over an astounding 90% p.a. Our accounting firm will be preparing an updated 2020 audited maturities report in early 2021.



CLOSING PACKAGES

To offset Customs and shipping delays, we are implementing a new shipping process for closing packages beginning in late December. Closing packages will now be shipped directly to each Purchaser's home/business address. We are also in the process of providing an option that would allow Purchasers to receive their closing packages electronically. Additional details will be forthcoming in early 2021.

2021 - THE YEAR AHEAD

The Life Settlement market has **two major factors** that will continue to drive growth for the next 10 - 20 years:

- 1. BABY BOOMERS** - By 2033, all 73 million US Baby Boomers will be over 65. As this generation becomes more aware of the benefits of Life Settlements, the market will experience significant growth in policies available for sale.
- 2. CONSUMER EDUCATION** - Many policy owners are becoming educated in the sale of their existing life insurance policy, as opposed to surrendering it for nominal cash value, or letting the policy lapse with no value. **Consumer education is being led by state requirements for insurance**

2021 - THE YEAR AHEAD

companies to inform policy owners about the option to sell their policies. In some states, policyowners can even use the policy proceeds to fund long-term care. There are varying estimates on the percentage of policies that lapse, but many studies have indicated that over 70% of all policies eventually lapse.

A recent study by Conning projects the average 10 year forecast of annual gross market potential for life settlements to approximate \$212 billion in face value. This figure represents in force life insurance policies forecasted to be candidates for life settlements. The average 10 year forecast of annual volume of new life settlement transactions is projected to be \$6.4 billion. This represents

approximately 3% of the net market potential of eligible policy face values available for life settlement transactions.

Market volatility is expected to continue into 2021 with COVID-19 disruptions, and as the effects of Brexit become more apparent. As a non-correlated asset, Purchasers can be certain that a life settlement policy will be shielded from any market declines.

As a successful 2020 comes to a close, we want to thank all of our agent partners and Purchasers for the trust they have placed in the **Fidelity of Georgetown** team. We wish everyone a Merry Christmas and a Happy New Year.

Joseph P. Allwein *Brad C. Thompson*



**Merry Christmas and Happy New Year
to all our Purchasers and Partners**