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Michael Lovendusky
Vice President & Associate General Counsel
American Council of Life Insurers
101 Constitution Ave., NW, Suite 700
Washington, DC 20001-2133

Dear Mr. Lovendusky,

Thank you for alerting us to the fact that one or more of our reports might be relevant to the upcoming Florida OIR hearings. Here at LIMRA, our foremost concern is that our research is used in an objective fashion and we appreciate the opportunity to present the facts as clearly as possible.

In 2008, Dr. Jim Mitchel of my staff (now retired) wrote a report entitled "Tracking Life Settlements: A Company Practices Study" based on a survey he conducted among LIMRA's U.S. domiciled membership. Rather than representing the full industry, however, the report is based on the responses of just 22 life insurance companies (the only ones that responded).

Since the issue raised in your letter deals with the ability of companies to comply with the OIR survey, let me offer some relevant findings from Dr. Mitchel's study:

1. Approximately three quarters (77%) of the companies that participated in the study try to identify life settlements. However, only 36% feel they are successful at least half the time and none of them feel they are effective all the time.
2. Fewer than half of the reporting companies (only nine) could give us the number of policies they had identified as life settlements. The median number for these nine companies was 73 life settlements nationwide.
3. Fewer than half of the companies in the study said they even try to identify policies owned by trusts.
4. Fewer than half of the companies in the study said they even try to identify policies that are premium financed.

One of the purposes of Dr. Mitchel's study was to be able to do predictive modeling so that we could devise a method by which companies could predict which policies would result in life settlements. This was the objective of the 2010 study which you referenced in your letter, "Predictability of Life Settlements." However, given the nature of the data, one of Dr. Mitchel's conclusions was that the model was not effective in predicting life settlements, both under-predicting the number of life settlements while at the same time predicting a substantial number of "false positives" (i.e. predicting some policies to be life settlements when, in fact, they were not). The bottom line is that the lack of good company data prevented us from creating a more robust model.

I offer this information in the hope that all parties will utilize our research in an appropriate manner. If I can be of any further assistance, please don't hesitate to ask.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert M. Baranoff". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Baranoff".

Robert M. Baranoff, FLMI, LLIF
Senior Vice President, Member Benefits