

# EUROASIAN

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## FACILITY SLS

Facility SLS (Senior Life Settlement) is the provision of bonds (referred elsewhere in this document as “Stocks”) backed by existing life insurance policies (“this Security”) that can be offered to a Bank, Trust or Investment Fund, to secure an advance of funds to enable an Applicant to finance his or her Project. Euroasian is able to offer qualified Applicants, this Security. It is suitable for Applicants wishing to borrow USD 100 million or more although in isolated circumstances, smaller transactions have been achieved.

A life settlement is the sale of an existing life insurance policy to a third party for more than its cash surrender value, but less than its net death benefit. There are a number of reasons that a policy owner may choose to sell his or her life insurance policy. The policy owner may no longer need or want his or her policy, he or she may wish to purchase a different kind of life insurance policy, or premium payments may no longer be affordable. Policy owners often learn about settling their policies from a financial planner or advisor, insurance broker, attorney, friends or family, or estate planning presentations.

Although the secondary market for life insurance is relatively new, the market has been more than 100 years in the making. The life settlement market would not have originated without a number of events, judicial rulings and key individuals.

The U.S. Supreme Court case of Grigsby v. Russell, 222 U.S. 149 (1911) established a life insurance policy as Private Property, which may be assigned at the will of the owner. Justice Oliver Wendell Holmes noted in his Opinion that life insurance possessed all the ordinary characteristics of property, and therefore represented an asset that a policy owner may transfer without limitation. Holmes wrote, “Life insurance has become in our days one of the best recognized forms of investment and self-compelled saving.” This Opinion placed the ownership rights in a life insurance policy on the same legal footing as more traditional investment property, such as stocks and bonds. As with these other types of property, a life insurance policy could be transferred to another person at the discretion of the policy owner.

If more details are required, request Euroasian to forward a document titled “Empirical Investigation of Life Settlements: The Secondary Market for Life Insurance Policies”. Some will find this 45 page document, heavy reading as it is very analytical and looks at the subject from everyone’s position. It concludes however, as follows:

*Finally, there is some debate about the morality of life settlements. Life settlements, like reverse mortgages, are neither moral nor immoral. The popular press has sometimes referred to them as “death bonds”. The fact remains that depending on the health condition, the insured would have died at a certain point in time. The life settlement market provides an additional option to the policy owners, but they are under no obligation to use it, such as in cases where the policy owners have the need and the resources to retain the policy themselves. By exercising the option to sell the policy, the policy owner not only eliminates the burden of having to fund future and often increasing premium payments, but also receives an up-front cash lump sum. The additional cash could arguably be used to access better health care, long-term care, etc., for the insured, thereby improving the insured’s welfare.*

*Meetings with Dean Wentworth are held in  
Dubai, Hong Kong, London, San Francisco, Singapore, Zurich or Monaco*

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## SLS PROCEDURES

- 1 Euroasian will assume for the purpose of this exercise, that the Applicant wishes to borrow \$100 million for the purpose of constructing a power plant. The final figures may vary depending for instance on the Actuarial study that will dictate the number and quality of the Stock Certificates required for a given transaction.
- 2 Euroasian and our Associates (hereinafter referred to as "Euroasian") will -
  - 2.1 provide SLS Policies all A rated with a face value of \$250 million.
  - 2.2 prepare a full prospectus
  - 2.3 issue a Stock Certificate viewable on Clearstream, enabling it to be transferred electronically to the Applicant's Bank. The Provider of the Stock will be a co-signatory at the Applicant's Bank.
- 3 Applicant's Bank will advance \$200 million which will be disbursed as follows:
  - 3.1 \$ 90,000,000 million to a Major International Trust ("the Trust") that will
    - 3.1.1 undertake to maintain the insurance premiums, and
    - 3.1.2 guarantee to pay the Applicant's Bank an annual interest rate of 6.5% and repay in 10 years, the Principal (\$200 million).
  - 3.2 \$ 10,000,000 fees to Euroasian who will have
    - 3.2.1 prepared the Prospectus required to acquire the Stock Certificates and
    - 3.2.2 lodged the finance application to the Applicant's bank.
  - 3.3 \$ 100,000,000 to the Applicant for his Project. As the Trust via the Insurance Policy has guaranteed to service and repay the Bank's loan, **the Borrower does not have to service or repay this sum.**
- 4 The fees payable to Euroasian for the above are -
  - 4.1 For the services outlined in 2.1, 2.2 & 2.3, \$350,000 (0.14% of the policy value, in this instance \$250 million). Half is payable upon execution of Euroasian's Financial Services Agreement with the balance paid upon issuance of the Stock.  
<sup>2</sup>This percentage (0.14%) reduces as the policy value increases.
  - 4.2 \$10,000,000 at closing (see point 3.2 above).
  - 4.3 Additionally Euroasian will require an equity position in the Applicant's Project in return for providing 100% of the cost of the Applicant's Project (\$100,000,000 in this example) which the Applicant does not have to repay. The equity scale is as follows:
    - 4.3.1 25% if the Applicant has utilized his own Bank/Lender to fund the above program, or
    - 4.3.2 50% if Euroasian introduces a Bank/Lender to fund the program.
- 5 Required documentation is -
  - 5.1 Summary of Project
  - 5.2 CV and background of the Applicant
  - 5.3 Projected income of next three to five years
  - 5.4 If an existing business, the last three years audited statement
  - 5.5 Applicant's Web Site
  - 5.6 The asset that the Applicant is providing as collateral which is:
    - 5.6.1 the Stocks that Euroasian will provide, fully covered by a Rated Insurance Policy that regardless of the Applicant's Project, will pay the Lender's Interest and repay the Principal sum, at the end of the 10 year term.
    - 5.6.2 the Applicant's Project
  - 5.7 Stress test of the entire project including the Stock, the insurance and the Project - this will be done by an Actuary - Euroasian will arrange this.
  - 5.8 Full offering and prospectus of the Project and the Stock that is attached to the Project including the Insurance policies - Euroasian will attend to this.
  - 5.9 Dean Wentworth's Recommendation that the Applicant is a suitable person to apply to be the beneficiary of the Program and to be a partner with Euroasian.

The items in BLUE will be the responsibility of Euroasian.
- 6 Timing - from the time Euroasian is placed in funds (4.1), 90 days minimum depending on the complexity of the overall transaction.
- 7 Once an Applicant executes Euroasian's Financial Services Agreement and provides satisfactory Proof of Funds to pay Euroasian's costs as outlined in 4.1, Euroasian we provide documentary evidence of past finalized transactions.