

Witness: Kurt Gearhart, Global Head of Regulatory and Execution Risk, Life Finance Group of Credit Suisse

Hearing: [Recent Innovations in Securitization](#)

Date: September 24, 2009

Website: http://www.house.gov/apps/list/hearing/financialsvcs_dem/credit_suisse_-_gearhart.pdf

Life Settlement Securitizations

Gearhart notes that securitizations in the life insurance industry are nothing new.

- Life settlement securitizations are unique because they increase income and liquidity of consumers, rather than of life insurance carriers.
- There have been very few life settlement securitization deals, but the market is expected to expand.

Credit Suisse and Life Settlements

Credit Suisse has been involved in the life settlement market and abides by the following best practice standards:

- Required representation of policy sellers by a financial advisor or lawyer;
- Required due diligence background check of advisors;
- High net worth policy sellers;
- No catastrophic or terminal illness for insured;
- Anti-fraud review;
- Disclosure statements for policy sellers;
- Closing interviews to make sure each party understands the transaction;
- Legal and compliance standard and pre-closing review.

Credit Suisse also uses risk management strategies to reduce exposure and compensation practices aligned with the risk the firm takes.

Regulation of Life Settlements Market

- Gearhart recommends that life settlement securitizations should be regulated as securities by the SEC.
- States currently regulated life settlements, but many states have not yet adopted regulatory standards.
- Because of the inconsistency across states, Credit Suisse has adopted best practice rules and is in support of federal regulation and oversight of life settlements.
- Gearhart notes that federal regulation of life settlements would provide more protection to consumers and investors, standardize practices, and increase market efficiency.