

The **Science** of Life Expectancy

- **21st Services Mortality Tables**
- **Multi-year mortality study of 20 million senior lives**
- **Expert underwriting**
- **The output: Analysis and insight**

21st Services is one of a handful of companies that provides a rigorous analysis of a client's life expectancy (LE). Billions of dollars ride on our assessments. American and European financial institutions require them when they are determining whether to purchase life insurance policies. 21st Services has led the field in the depth and statistical rigor of our life expectancy analyses, and the objectivity of our underwriting process. Since 2007, we have taken new steps to further enhance the reliability of our life expectancy evaluations.

Understanding 21st Services' processes is important for our existing clients, the international funders. But it is also important as we introduce life expectancy analyses in new markets. Now financial advisors and their clients can use our product as the basis of their decisions about allocating assets; estate plans; life insurance purchases, conversions or sales; selecting annuity payout arrangements; making and funding small business succession and buyout plans.

It's important to know how we derive our life expectancy and survival probability numbers and our longevity curves. This document provides information about 21st Services' statistical, medical and technological processes. For more information, visit our website, www.21stServices.com.



21st Services

21st Services mortality tables

21st Services' proprietary mortality tables are based on the Society of Actuaries' Valuation Basic Tables. These are the tables the life insurance industry uses to set reserve levels. Our Chief Actuary, Vincent Granieri, FSA, MAAA, EA, MBA, adjusts those tables to weight more heavily than the insurance actuaries do 1) senior lives and 2) high face amount cases. The results are a better reflection of our 55+ market.

21st's tables are thoroughly reviewed by two leading actuarial consulting firms, one American, one European.

Chief Actuary Vincent Granieri has had a 30-year career as an actuary and finance chief in life insurance and life settlement companies. He became a Fellow of the Society of Actuaries after earning his MBA from Harvard University. He joined 21st Services in April 2008.

Multi-year mortality study of 20 million senior lives

An important 21st Services asset is its 10 years of mortality data on tens of thousands of senior lives. However, from a statistical standpoint, this pool is small. In the next several years, 21st Services will be expanding it many times over.

The company, working with a non-profit research center, is undertaking a major national study of Medicare data on senior lives. By the end of 2009, the data from 2 million to 3 million records will have been analyzed. Information derived from the records of more than 20 million Americans will be in the database when the study ends.

The study will assess the relationship of hundreds of conditions and comorbidities to senior longevity. The impact of the study will be seen in future adjustments to our mortality tables, and adjustments to our medical analysis system, MedDiag, which automatically assigns "debits" and "credits" for conditions and comorbidities, as well as factors related to family health history, lifestyle and mobility.

The results of this massive study will help us advance the reliability of our evaluations because our conclusions will be based on more evidence.

Recognizing the value of this data to financial institutions who develop products and services for seniors, 21st Services is making the results of the study available on a subscription basis.

20,000,000

Expert underwriting

21st Services is marrying an extraordinary pool of new data to an underwriting system that is already well regarded for its thoroughness and objectivity.

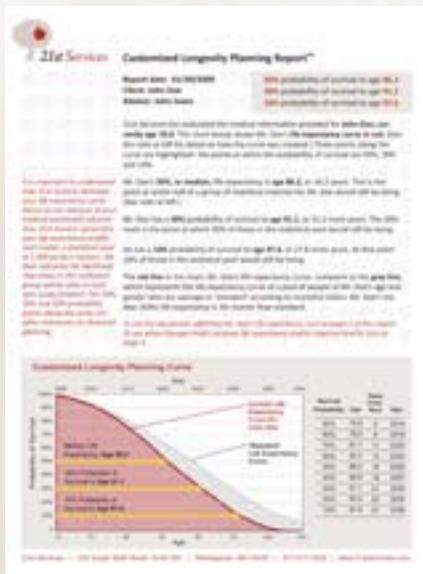
The system starts with the analysis of the health and medical information of the insured (in a life settlement case) or the client (when we are working directly with a consumer or with a financial advisor). The information is provided in one of two ways:

- Copies of the client's medical records for the past five years
- Directly from the client or insured, through a telephone interview or an online questionnaire.

If we are working from the medical records, one of our underwriters gleans the pertinent data and enters it into our proprietary computer system, MedDiag. Our underwriting team, with some 20 members, has decades of experience, primarily in the life insurance industry.

21st Services' MedDiag system assigns appropriate debits and credits for approximately 230 variables and completes the evaluation. 21st Services' reputation for objectivity derives from the fact that no subsequent review by an underwriter, medical director or anyone else will result in a change in the score.

The output: Analysis and insight



In 2007-2008, 21st Services completely revised the output of its Life Expectancy Report and created a similar report for financial professionals and their clients, called the CLPR™ or Customized Longevity Planning Report™.

Both reports communicate the median life expectancy. In the CLPR, it's expressed as the 50% survival probability point. It is the average life expectancy of a statistical pool of individuals whose profile is a precise match for the individual whose medical records were evaluated.

To emphasize that the median life expectancy is one point in a

continuum (not a specific prediction) we show the curve and emphasize that half of the individuals who match the profile would die before and half after that date.

The report also includes briefs on the key conditions or features of the family health history or social/lifestyle factors that most contributed to the life expectancy calculation.

The CLPR has an additional page with brief notes on changes the client could make to improve his or her life expectancy.

The first page of the CLPR is shown here. To view a full sample CLPR or a sample life expectancy certificate for a life settlement transaction, go to www.21stServices.com.

Medical Advisory Board

In 2007, 21st Services formed a Medical Advisory Board to make sure our underwriting staff and our MedDiag system stay right up to date with medical developments, particularly those affecting senior health.

Our Medical Advisory Board is made up of highly regarded physicians from across the country, in fields from cardiology to nephrology to neurology to epidemiology. Some are in academic positions; some, in clinical practice. All play a role in bringing us information and insights from the front lines of senior health.

“One of the really important things about having a sound retirement plan is the answer to a single question: ‘How long will I live?’ I’m stunned that meaningful information is not available ...

“Yes, I know there are sites where one can enter such information as how many beers you drink, whether you smoke, how fat you are, that you drive your car without the seat belt buckled ... But I have a variety of medical conditions and can’t seem to find any expectancy information.”

Reader comment quoted by syndicated columnist
Scott Burns, December 1, 2007

21st Services now has answers for clients like these. Our life expectancy analysis, developed to serve the life settlement industry, is expanding to serve as a foundation for financial planning for America’s baby boomers and seniors.

**Learn more at
www.21stServices.com.**



21st Services

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