

# Quantitative Risk Measures of Individual Life Settlement Purchases

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**Abstract:** Life Settlement market provides life insurance policyholders an opportunity to realize the values embedded in their policies. It offers liquidity to policyholder and at the same time it creates a new asset class for investors seeking uncorrelated risks. The market has been growing rapidly in recent years. In this paper (talk), we will provide a few summary quantitative risk measures in investing in life settlement policies. It is obvious that the risk of investor reduces as the portfolio size increases. But in this work, we will focus on measures that relate only to individual policy purchases. As examples, some of the measures are, the cost and benefit ratio, the breakeven mortality multiple, the breakeven mortality year, and the breakeven probability. The conclusion is that picking a policy with less cost of carry is as important as picking a policy with high mortality multiple. Lower the cost of carry, Smaller the risk.