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# MPL reassures on life settlement fund solvency

Managing Partners Limited (MPL) has reassured investors that its life settlements fund remains solvent, after the FSA's clampdown on the products.

MPL said its Cayman-based $165m (£105.5m) Traded Policies fund was "completely solvent" last week and continued to hold cash levels that were above the group's minimum threshold of 5 per cent.

Jeremy Leach, managing director of MPL, said the fund had not seen any surge in redemptions.

The $995m Guernsey-based EEA Life Settlements fund on November 30 suspended dealing after the FSA issued a consultation proposing to ban the sale of "toxic" life settlement funds to retail investors, triggering a wave of redemption requests.

Mr Leach said the UK was not the MPL fund's primary market and so it was "business as usual" for the firm.

"The vast majority of our investors are institutional and sophisticated, so we see any fallout as quite manageable," he said.

He said the company was surprised that the FSA had labelled traded life policies as a "toxic" asset.

"It is not an accurate description of policies that are invariably rated A and above, that are issued by US-regulated life insurance companies, government backed (by virtue of state guarantees) and the trade of which is a regulated activity in the vast majority of US states," he said.

Adrian Lowcock, senior investment adviser at Bestinvest, agreed with the FSA's view that life settlement funds not suitable for sale to retail investors, saying the assets are too illiquid.

"It [the asset class] is a bit opaque, and that's part of the issue," Mr Lowcock said.

"I think for most people it wouldn't be the type of investment they'd like to have. It's been more of an institutional thing and it never develops into a liquid enough market for retail investors."